

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD September 7, 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/85456636027?pwd=VWx3UWw4WFhBbEplVklibnNIUkF2dz09>

Phone: (309) 205-3325, Meeting ID: 854 5663 6027, Passcode: 080367

Those persons present included:

TRUSTEES

Dwight Mattingly, Chair
Lisa Master
Marcos Rodriguez
Valerie Alleyne

OTHERS PRESENT

Bob Sugarman, Sugarman Susskind Braswell & Herrera
Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
Frank Wan, Burgess Chambers & Associates
David Hulme, Advent, via CMT
Kristin Campolettano, Advent, via CMT
Chad Little, Freiman Little Actuaries, via CMT
Mary Shah, Strategic Benefits Advisors
Kimberly Morgan, Strategic Benefits Advisors
Alison Lester, Mauldin & Jenkins, via CMT
Tian Travieso, Palm Beach County Cyber Security
Kim Shumate, Strategic Benefits Advisors, via CMT
Magdala St. Fleur, Palm Tran HR

APPROVAL OF THE AGENDA

Mr. Rodriguez made a motion to approve the Agenda. The motion was seconded by Ms. Alleyne 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 June 1, 2023, 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.

Advent: David Hulme and Kristin Campolettano

Mr. Hulme reviewed Convertibles Portfolio managed by Advent Capital Management. The portfolio seeks to invest in convertible bonds that earn about 75% of the underlying equity upside and only participating in 50% of the downside. The portfolio is very diversified with small position sizes of 1-3% with a maximum position size of 5%. Over time, the portfolio has captured 84% of the upside while only capturing 55% of the downside. However, this is relative to the overall convertibles market. Compared to the benchmark, the portfolio has underperformed by almost 3% net of all

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD September 7, 2023**

fees. Chairman Mattingly discussed that they have engaged them to add value relative to the benchmark, and they are not meeting those expectations. The portfolio manager discussed the characteristics of the portfolio showing how they protect in times when the benchmark has negative returns.

Mr. Rodriguez inquired if Advent had changed their business philosophy when comparing the years they underperformed to the years they overperformed. Mr. Hulme stated their strategy has not changed, what convertibles they invest in change. Mr. Hulme explained that their strategy works over time.

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

Mr. Wan reviewed the Pension Portfolio and the overall market environment. Beginning with the housing market, they discussed how the cost of housing, including the high interest rates, are making homes unaffordable for a large portion of the population. The higher interest rates are also affecting the auto industry where people are financing cars for longer period of times and during that time are getting behind in their payments. Given these headwinds, rating agencies have downgraded banks. Given the economic forecasts, Burgess Chambers expects bonds to return positive and add value to the portfolio. Looking at the overall portfolio, managers that underperformed in the last year are expected to outperform moving forward.

The portfolio is in-line with the benchmark over the recent period, but is underperforming its peers and the benchmark over longer time periods. The Vulcan large cap value portfolio has turned around and is adding value recently against benchmark and its peers. Overall, equities are helping the portfolio while fixed income and private real estate has detracted value. The portfolio is more conservative than other portfolios and thus has detracted value relative to peers. Private real estate is not adding value, but given the lock-up, the portfolio has not been able to redeem as much as they have requested.

Chairman Mattingly inquired how much in fees the plan pays for each investment manager vs return. He would like a report quarterly on cost to profit. He would like to determine if it is better to have a high number of money managers or a low number. Currently Palm Tran has nine money managers. Mr. Wan will present the cost to profit at the next board meeting.

Mr. Wan would like to invite Bloomfield to present at the next meeting.

Mr. Wan presented the updated Investment Policy Statement to the Board. Ms. Jensen covered pages 12 and 13 which reference the House Bill 3. Ms Jensen informed the Board there may be changes depending on what the state of Florida implements pertaining to House Bill 3. Chairman Mattingly inquired about the new reporting requirements every two years, Ms. Jensen will need to research what that will be. Chairman Mattingly inquired about Section 13 and both Ms. Jensen and Mr. Sugarman agreed to only keep the first sentence of the paragraph.

Mr. Rodriguez made a motion to adopt the Investment Policy Statement. Ms. Master seconded the motion, and it was approved by the Trustees 4-0.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD September 7, 2023**

Mr. Sugarman informed the Board that the Plan Administrator will file the Investment Policy Statement with the State of Florida and Palm Tran.

Chairman Mattingly informed Mr. Wan that he wants money managers to appear in person each year.

AUDITOR REPORT: ALISON LESTER (MAULDIN & JENKINS)

Alison Lester presented to the Board the Audit Results and Required Communications for the year ending December 31, 2022. Mauldin & Jenkins issued an unmodified opinion with no material weaknesses identified and no reportable noncompliance.

Chairman Mattingly asked Mr. Little what is needed to issue annual statements. Mr. Little advised that the annual statements are not dependent on the audit. However, he needs draft financials 3 to 4 weeks in advance of when he will issue valuation results. Chairman Mattingly would like Mauldin & Jenkins to work Ms. Shah and Mr. Little to ensure audit is on time next year.

Mr. Rodríguez made a motion to approve the audit report and draft financial statements as of 12/31/2022. Ms. Master seconded the motion, and it was approved by the Trustees 4-0.

ATTORNEY REPORT: BONNI JENSEN AND ROBERT SUGARMAN

Mr. Sugarman is suggesting that we have more than four meetings a year, he is recommending five to six a year.

Mr. Sugarman informed that Board the Grupo Televisa settlement has been settled and \$95 million has been received.. Mr. Sugarman advised that ten thousand dollars was awarded to our pension plan to account for the time and expenses of our chairman and administrator in connection with this lawsuit. Mr. Sugarman's firm will receive a portion of the contingency fee that was awarded by the court to the lead law firm, Boise Schiller . The amount of Mr. Sugarman's firm's fee will be paid by and out of the fee received by Boise Schiller and not by our pension plan.

Ms. Jensen presented the proposal memo for a one time increase for the Plan to provide a 13th check to Retirees who retired prior to January 1, 2023. The Board agreed to have Mr. Little calculate the cost of the 13th check before discussing further.

Ms. Jensen presented an adjustment to Klausner, Kaufman, Jensen & Levinson fee, beginning July 1, 2023, Palm Tran's new rate will be \$350.00 per hour. Ms. Jensen mentioned that their last fee increase was in December 2019. Ms. Jensen provided an agreement for legal services which provides for the new fees.

Ms. Master made a motion to accept the Klausner, Kaufman, Jensen & Levinson fee increase. Mr. Rodríguez seconded the motion, and it was approved by the Trustees 4-0.

Ms. Jensen presented the Professional Services Agreement for Klausner, Kaufman, Jensen & Levinson in correspondence to the fee increase.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD September 7, 2023**

Ms. Master made a motion to approve the Klausner, Kaufman, Jensen & Levinson Professional Services Agreement. Mr. Rodriguez seconded the motion, and it was approved by the Trustees 4-0.

Ms. Jensen presented a statement of policy regarding the Pension Fund Advisory Committee to the Board. Chairman Mattingly would like to delay this matter, in order to allow time for Ms. Masters to discuss with the County and Mr. Rodriguez to discuss with the Union.

Ms. Jensen reported to the Board that her firm has informed Rolnick Kramer Sadighi to counter the \$500 offer from PG&E on their bankruptcy with \$1,500. Ms. Jensen will keep the Board informed on their counter offer.

Ms. Jensen reported that Charles Sterrantino canceled the appeal hearing scheduled for June 22, 2023 at 8:30 AM, stating he is no longer interested in changing his form of payment. Ms. Jensen informed the Board she formally acknowledged the receipt of the cancelation of appeal to Charles Sterrantino and the Board's original decision becomes final.

CYBER SECURITY: TINA TRAVIESO (PALM BEACH COUNTY)

Ms. Travieso presented the County's strategic approach to managing IT Risks. Their mission is to provide oversight activities that govern all IT security initiatives ensuring all IT service areas are working towards a common goal of protecting County assets from cyberattacks. The vision is to align cyber security standards with business needs without compromising innovation.

Ms. Travieso explained in order to achieve these goals, they have adopted NIST Cybersecurity Framework (CSF), which has become the de facto standard for Cybersecurity Program Management.

Ms. Travieso highlighted that integration of several cybersecurity tools and teams to automate phishing playbook and centralize analysts' efforts. This has led to a deeper insight into cyber threats targeting the County, detailed feedback to reporting user, and increase in analyst productivity.

CYBER SECURITY: KIM SHUMATE (STRATEGIC BENEFITS ADVISORS)

Ms. Shumate presented that all of Strategic Benefits Advisors (SBA) owned servers and SAN reside in our own locked cabinets at Flexential. All communications are encrypted with VPN and/or multi-factor authentication. SBA also uses SpearTip's Security Operations Center to monitor SBA endpoints with anti-virus EDR artificial intelligence software continually.

Ms. Shumate explained that all SBA employees are subject to a background check prior to employment. All employees receive monthly ongoing training from NINJIO and Phishing exercises to keep up with the latest cyber attack scenarios.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD September 7, 2023**

Ms. Shumate concluded with, SBA undergoes annual SOC 1 Type 2 and SOC 2 Type 2 audits by an AICPA accredited firm each year.

Chairman Mattingly would like to know if we have hard files or are the file are electronically stored? Mary will confirm and report her findings at the next board meeting.

Ms. Master's commented that if a cyber-attack were to happen that SBA would need to contact the County immediately to report the incident.

ADMINISTRATOR REPORT: Mary Shah

Ms. Shah presented the letter from Local 1577 President Joey Acevedo, appointing Dwight Mattingly as Trustee in place of Mr. Acevedo.

Ms. Master made a motion to accept Dwight Mattingly as appointed Trustee. Mr. Rodriguez seconded the motion, and it was approved by the Trustees 3-0.

Mr. Sugarman made the comment that Chairman Mattingly has been the Chairman continually during the transition period of the Local 1577 presidency since he never stepped down.

Ms. Shah presented an adjustment to Strategic Benefits Advisors fee. Mr. Sugarman is requesting Ms. Shah to write up a contract agreement and present to Sugarman Susskind Braswell & Herrera.

Chairman Mattingly wants the Plan to communicate to participants about their benefits. Chairman Mattingly would like ideas on how to communicate this and then if this should come from the Plan Administrator or Palm Tran. If the Plan Administrator is to orchestrate this, how much would it cost. Mr. Sugarman suggested the Chairman sends a newsletter four times a year, an annual member's meeting or a summer social as is done by another of his firm's clients.

Chairman Mattingly is inquiring if there is anything that can be done to have participant pensions started sooner. Chairman Mattingly is suggesting that Human Resource send the retiring participant's resignation letter to the Plan Administrator instead of waiting on the Personal Action File.

PLAN FINANCIALS

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

Mr. Rodriguez made a motion to ratify the Warrants dated September 7, seconded by Ms. Master, approved by the Trustees 4-0.

Mr. Rodriguez made a motion to approve the Benefit Approvals dated September 7, 2023, seconded by Ms. Alleyne approved by the Trustees 4-0.

BOARD COMMENTS

PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD September 7, 2023

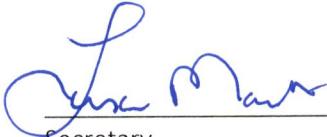
There was no Board Comments.

OTHER BUSINESS

There was no Other Business.

ADJOURNMENT

There being no further business and the next Quarterly Meeting being scheduled for Thursday, December 7, 2023. Mr. Rodriguez made a motion to adjourn the Meeting at 2:15 PM, seconded by Ms. Alleyne, and approved by the Trustees 4-0.



Secretary

12/7/2023

Date