

**PALM TRAN ATU LOCAL 1577 PENSION PLAN  
MINUTES OF QUARTERLY MEETING HELD JUNE 1, 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/86954115339?pwd=L1dwd05iWFJMUGRFcUFPN3BUYIBXZz09>

Phone: (309) 205-3325, Meeting ID: 869 5411 5339, Passcode: 451372

Those persons present included:

TRUSTEES

Dwight Mattingly, Chair  
Lisa Master  
Marcos Rodriguez  
Valerie Alleyne

OTHERS PRESENT

Bob Sugarman, Sugarman Susskind Braswell & Herrera  
Bob Klausner, Klausner, Kaufman, Jensen & Levinson, via CMT  
Karen Russo, Salem Trust  
Frank Wan, Burgess Chambers & Associates  
Michael Opre, SSI Investments, via CMT  
James Kowal, SSI Investments  
Chad Little, Freiman Little Actuaries  
Mary Shah, Strategic Benefits Advisors  
Kimberly Morgan, Strategic Benefits Advisors  
Alison Lester, Mauldin & Jenkins, via CMT  
Terrie James, Palm Tran HR  
Magdala St. Fleur, Palm Tran HR  
Denise Foster, Palm Tran Operations, via CMT  
Lenworth Brown, Retiree  
Joey Acevedo, Palm Tran Employee  
Paul Kaplan, Palm Tran Employee

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 March 2, 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.

SSI CONVERTIBLES: JAMES KOWAL AND MICHAEL OPRE

Mr. Kowal started the presentation by mentioning they have a new team member, Charles Rambo.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN  
MINUTES OF QUARTERLY MEETING HELD JUNE 1, 2023**

Mr. Kowal explained SSI invests in convertible bonds which have done well compared to fixed income and provided diversification to the equity markets. In 2022, the Fund had a difficult year but has rebounded in 2023 and expects a positive year. These bonds pay a market interest rate and also make twice yearly principal payments. The portfolio focuses on a higher-quality companies who tend to be larger and have higher return on equity compared to the benchmark companies. While the returns have been positive, they are below the benchmark as lower quality bonds have added more value.

Mr. Mattingly asked if SSI would consider the last 3-10 years of outperformance consistent with expectation not the recent underperformance. Mr. Kowal responded with yes, we saw this type of performance back in 2016 when lower quality companies did well, we underperformed the benchmark as we have in 2023.

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

Mr. Wan explained that SSI had 14 bonds which accounted for just over 4% loss for the portfolio. Convertible bonds are used to diversify the overall portfolio, which they have done. As the market value is more than 5% today of the portfolio, it may be worth reevaluating the portfolio positioning in September. He can present the Board with alternatives to SSI; he reminded that over time they have performed well but in 2022 were in the bottom decile of managers.

Mr. Wan then reviewed the markets and the overall Plan performance with the Board. Mr. Wan reminded the Board the importance of diversification and how managers, depending on their investment style, will over and under-perform in different markets. Over the recent time period, while the US Market outperformed, this was driven by the top 10 companies in the market earning 7%, while the others earned only 1.8%.

Mr. Wan explained the markets are reacting to what's new and exciting – currently this is AI. For example, both Meta (+ 10%) and Google (+5%) had positive results just for being in the conversation about AI. Mr. Wan expects the market to stabilize – with small to mid-cap companies rebounding. Two of the Plan's managers – Scout and SSI – need this stabilization to help their performance.

While the US Markets have remained strong, there is an ongoing concern about the US Consumer. During COVID, savings rates peaked at 4.5%; however, since then, consumer debt is escalating at a disturbing pace. This coupled with inflation (5% overall reaching 9% in South Florida). While Vulcan has rebounded in the quarter, the performance has been in the bottom quartile over the longer time periods. While it may be time to evaluate, he does not want to remove them at the bottom of their performance cycle. Scout has underperformed over the past year, but longer-term has delivered excess performance.

At the end, Mr. Wan discussed the real estate performance. The Plan is currently invested \$4M in public real estate and \$15M in private real estate. The Plan asked to redeem \$5M from Barings (private real estate) in October 2022, but only received \$180K.

**Mr. Wan recommended to move \$4M from public real estate to Bank NY CIT Index; Mr. Rodriguez made the motion and 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 JUNE 1, 2023**

CUSTODIAN REPORT: KAREN RUSSO (SALEM TRUST)

Karen Russo presented the claims report for securities class action claims filed between January 1, 2023 and March 31, 2023. She mentioned that distributions take place, on average, one and half years after the claim filing date.

Ms. Russo informed the Board that the authorized signer list was updated in February 2023.

Ms. Russo gave an update on the Pension Portal just as information. She informed the Board that 22 clients are using the Pension Portal and they have an activation rate of 19%.

Ms. Russo informed the Board that TMI Holdings Inc., Salem's parent company, announced a planned merger with Argen Financial Group, an independent fiduciary wealth management company based in Ruston, LA.

Mr. Klausner asked Ms. Russo to confirm with management that the merger does not effect the current contract that Palm Tran has with Salem Trust.

Mr. Mattingly would like confirmation that the custodial part of Salem Trust will not change due to the merger.

Ms. Russo invited the Board to stop by Salem Trust's booth at the FPPTA conference, they are celebrating 25 years in business

ACTUARY REPORT: CHAD LITTLE (FREIMAN LITTLE ACTUARIES)

Chad Little presented to the Board the draft Actuarial Valuation as of January 1, 2023.

Page 1 indicates that the Employer Contribution will go down from \$6.19 million in 2023 to \$6.05 million in 2024. This is primarily due to assets growing substantially while payroll has only increased modestly. The Funded Percentage is 88.22%; this percentage is based on the Actuarial Value of Assets. The Assumed Rate of Investment Return is 7.00%, which is the same that was used for the 2022 actuarial valuation.

Page 4 shows there were no changes in Plan Provisions since the prior actuarial valuation. Mr. Little would like to discuss with the Board at the September meeting if they would like to change the rate of return.

Mr. Sugarman asked Mr. Little and Mr. Wan to work together on the rate of return recommendation.

Page 5 shows that based on the Market Value of Assets the Pension Plan is 76.97% funded.

Page 7 shows that the Pension Plan is a mature plan. The Plan is paying out more benefits than is being contributed to the Plan. Mr. Little pointed out that eventually the Pension Plan could use

**PALM TRAN ATU LOCAL 1577 PENSION PLAN  
MINUTES OF QUARTERLY MEETING HELD JUNE 1, 2023**

interest and dividends to pay benefits if it wanted to not be selling investments to pay benefits and invoices.

Page 12 shows the Development of Actuarial Value of Assets which shows \$18.6 million of Unrecognized Gains/Losses that will trickle into the Pension Plan over time. This is a smoothing technique that helps minimize fluctuations in the required minimum employer contribution.

**Mr. Rodriguez made a motion to approve and adopt the Actuarial Valuation as of January 1, 2023, and to request that the Plan Administrator do the necessary filing with the County and State Ms. Master seconded the motion, and it was approved by the Trustees 4-0.**

**Mr. Rodriguez made a motion to set the Expected Rate of Return to 7.0% for the short-term, the mid-term, and the long-term. Ms. Master seconded the motion, and it was approved by the Trustees 4-0.**

Chairman Mattingly asked what the Board can do to assist with the increase of inflation on Retirees. Chairman Mattingly is recommending a 13<sup>th</sup> check and would like to know what impact that would have on the employer and employee contributions. Mr. Little says it depends but the estimated cost would be \$700,000. Chairman Mattingly asked Mr. Sugarman and Ms. Jensen to draft a memorandum.

**Chairman Mattingly made a motion to recommend to the Union and the County to pay a 13<sup>th</sup> check for Retirees prior to January 1, 2023. Mr. Rodriguez seconded the motion, and it was approved by the Trustees 3-1.**

Chairman Mattingly would like Ms. Alleyne and Mr. Little to have a conversation to answer Ms. Alleyne's questions on why she is opposed to the 13<sup>th</sup> check.

Chairman Mattingly would like Mr. Sugarman and Ms. Jensen to research what is needed for a Plan Amendment.

**ATTORNEY REPORT: BOB KLAUSMAN AND ROBERT SUGARMAN**

Mr. Klausner reminded the Board that Form 1 must be done before July 1, 2023.

Mr. Sugarman informed the Board the Florida House Bill 3 (HB 3) provisions are effective on July 1, 2023. The bill prohibits ESG (Environmental, Social and corporate governance factors) from being considered in making investments or hiring service providers. The Bill does not have a major impact on the Pension Plan but also includes a prohibition on considering ESG factors in the voting of proxies. Plans may only consider "pecuniary factors." Local pension plans must report compliance with the law to the Department of Management Services on a biennial basis beginning December 15, 2023. Any contract between an investment manager and local pension plan plans, that is amended or renewed on or after July 1, 2023 must include new language mandated by HB 3 requiring an investment manager to include a disclaimer in any communications with a company in which it invests or seeks to invest.

Chairman Mattingly asked Mr. Sugarman if Palm Tran's current investments meet these standards. Mr. Sugarman said they will need to be reviewed.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN  
MINUTES OF QUARTERLY MEETING HELD JUNE 1, 2023**

Chairman Mattingly is concerned this could impact investment return if a manager is limited because of ESG. Mr. Klausner says there is no action until we see the rules. Mr. Wan is to provide more guidelines on Proxy Voting.

Mr. Klausner reported that the Charles Sterrantino appeal is scheduled for June 22, 2023 at 8:30 AM. Ms. Jensen is to reach out to Ms. Shah to schedule the public forum and to announce publicly. Chairman Mattingly brought to everyone's attention that today's meeting is a public meeting and since the doors automatically lock, they would need a security guard outside to admit members of the public or a sign directed the public on where to go to gain admission to the meeting.

Mr. Sugarman informed that Board that the court hearing on final approval for the Grupo Televisa settlement will be August 8, 2023..

AUDITOR REPORT: ALISON LESTER (MAULDIN & JENKINS)

Ms. Lester informed the Board that she only has a draft at this time due to delays with the prior auditor. The audit report has not gone through Quality Control, Ms. Lester will present the Audit Results at the September 7, 2023 board meeting.

Chairman Mattingly inquired about the MD&A. Ms. Lester informed the Board that the administrator should prepare the MD&A and they would review. Ms. Lester and Ms. Shah are to work out the details.

ADMINISTRATOR REPORT: Mary Shah

Ms. Shah presented the quote for General Liability insurance.

**Ms. Master made a motion to renew the General Liability policy. Mr. Rodriguez seconded the motion, and it was approved by the Trustees 4-0.**

Ms. Shah presented the quote for Ullico Governmental Fiduciary Liability Insurance.

**Mr. Rodriguez made a motion to renew the Fiduciary Liability policy. Ms. Master seconded the motion, and it was approved by the Trustees 4-0.**

Ms. Shah provided vendor evaluations to the Custodian and Attorneys.

Ms. Shah informed the Board that the annual statements were mailed to the members on May 30, 2023, and beneficiary designation forms were included in the statement mailing.

Ms. Shah reported that the cyber security presentation will be presented at the September 7, 2023 Board meeting.

Ms. Shah reported that no one had signed up for the FPPTA's for Annual Conference June 25<sup>th</sup> through the 28<sup>th</sup>. FPPTA Fall Trustee School will take place October 1<sup>st</sup> through the 4<sup>th</sup> and Winter Trustee School will be January 28<sup>th</sup> through the 31<sup>st</sup>.

PALM TRAN ATU LOCAL 1577 PENSION PLAN  
MINUTES OF QUARTERLY MEETING HELD JUNE 1, 2023

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 June 1, 2023, seconded by Ms. Alleyne, approved by the Trustees 4-0.

Ms. Master made a motion to approve the Benefit Approvals dated June 1, 2023, seconded by Mr. Rodriguez approved by the Trustees 4-0.

BOARD COMMENTS

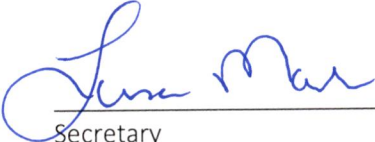
Chairman Mattingly mentioned that this could be his last meeting since he is retiring. If it is, it has been a great honor to serve on the Board since 2001.


OTHER BUSINESS

There was no Other Business.

ADJOURNMENT

There being no further business and the next Quarterly Meeting being scheduled for Thursday, September 7, 2023. Mr. Rodriguez made a motion to adjourn the Meeting at 12:30 PM, seconded by Ms. Alleyne, and approved by the Trustees 4-0.

  
\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
Date