

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD March 7, 2024**

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://pbc-gov.webex.com/pbc-gov/j.php?MTID=m05b4f06a04dd7a58a7f22ba9b6abc622>
Phone: 1 (844) 621-3956, Meeting number (access code): 2307 876 7848, Meeting password: 4s2JtJNcr23

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
Magdala St. Fleur, Palm Tran HR
Susy Iglesias, Palm Tran HR
Joey Acevedo, Palm Tran Union
Janna Hamilton, GHA
Benjamin Monkiewicz, GHA
Connie Davis, GHA
James Kelley, Vulcan
Chad Little, Freiman Little Actuaries, via CMT
Mary Shah, Strategic Benefits Advisors via CMT
Renarda Smith, Strategic Benefits Advisors via CMT
Samantha Macedo, Strategic Benefits Advisors via CMT

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 7, 2023 with Mr. Mattingly's edit, which were reviewed in advance by Counsel. Ms. Alleyne seconded the motion, and it was approved by the Trustees 4-0.

PUBLIC COMMENT

There were no Public Comments.

Garcia Hamilton: Jenna Hamilton, Ben Monkiewicz, and Connie Davis

Ms. Hamilton and Mr. Monkiewicz from Garcia Hamilton & Associates (GHA), a high-quality fixed income investment strategy, presented to the Board an update on their recent performance and to address why they have underperformed as well as their future outlook. For quarter ending December 31, 2023, GHA outperformed the benchmark (7.74% compared to 6.82%). Since

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD March 7, 2024**

inception (7/31/2017), GHA has performed right at the benchmark (1.00% compared to 0.99%). Mr. Monkiewicz explained that the recent outperformance was largely due to an overweight in mortgage-backed securities. The GHA portfolio is positioned well as compared to the benchmark index as the portfolio is longer in duration. This should outperform the index in a decreasing interest rate environment. Market indicators are pointing to lower CPI and interest rates. Mr. Monkiewicz also explained that financial distress is on the rise. With corporate bond spreads being approximately 50 basis points less than normative levels, mortgage backed securities are priced at historical lows.

Mr. Mattingly commented that GHA needs to be aligned with the Investment Policy Statement which says that the investment manager should be in the 50th percentile when compared to the benchmark and the fund's peers. Mr. Wan responded that BCA and the Board will need to get confidence that GHA will turn around their performance.

Ms. Davis compared the weighting of GHA's portfolio to the benchmark index. The GHA portfolio has a heavier weight in mortgaged-backed securities and smaller weight in corporate bonds. Their duration is 10% longer in anticipation of decreased interest rates. The GHA portfolio is taking on less risk by investing in A or higher rated bonds. Should see results over a full market cycle.

Vulcan Value Partners: James Kelley

Mr. Kelley from Vulcan Value Partners presented to the Board an update on their recent performance and investment strategy outlook. Vulcan has been large-cap value equity strategy of the Fund since 2015. They are based in Birmingham, AL and currently have 23 employees. Vulcan had a challenging 2022 where Mr. Kelley articulated two mistakes. The first being that companies were dropped because they no longer qualified for investment and the second being others were kept and didn't perform well in 2022. For example, Amazon was down 50% in 2022, but performed well in 2023. As a result, in early 2023 the portfolio included just over 20 companies. Today, the portfolio is invested in 31 companies and is much more diversified.

Mr. Kelley went over the weight of the Vulcan portfolio as compared to the Russell 1000 Value Index. Mr. Mattingly and Mr. Wan noted the concern that Vulcan has an overweight in Real Estate when compared to the benchmark. Mr. Kelley noted that there is an overweight in Real Estate because of the discounted price. He also noted that Jones LaSalle, part of the Real Estate investment, had a return of 34% for quarter ending December 31, 2023.

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

Mr. Wan presented the market overview for 2023. He noted that 10 securities drove the S&P 500 performance in 2023. The top 10 companies had a return 62% and the remaining companies had a return of 8%. In total they produced a weighted return of 24%. Vulcan and Russell both took advantage of the shift in the market to value strategies. Current small value companies are the best price. The Federal Reserve expects three rate cuts this year and the first cut is expected in June.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD March 7, 2024**

Looking forward, rates should come down and this should promote normal equity vs. bond weighting in the Fund. Going forward, the recommendation is to keep investment strategies simple and reduce number of managers. The Fund recently got rid of convertibles.

Mr. Wan noted that real estate has added value over longer periods but has been a detractor in performance during the past year. The Board has requested \$4 million withdrawal from Barings private real estate investment, however, has only received \$388 thousand to date. Mr. Wan also commented that Barings has written down properties more than peers. This investment should be closer to market value. As a result, Mr. Wan recommended increasing the redemption from Barings to \$8 million in hopes of getting dollars back sooner. This request can always be rescinded.

Mr. Wan reported on Scout's performance vs. the benchmark index. Scout was lagging in 2023 and has a higher cost. One of Scout's leading managers is retiring at the end of March. Mr. Wan recommends divesting from Scout and investing in BNY Mellon Mid Cap Index. This is a CIT investment outside of Salem Trust like the BNY Mellon Large Cap Index which will save trading costs. This fund is benchmarked to the S&P 400 which has a bias to higher profitable companies as compared to the Russell index.

Mr. Wan stated that Vulcan's performance as compared to the Russell 1000G Index is still a concern. BCA will continue to monitor performance.

Mr. Mattingly asked if BCA being too conservative because ranking in the top 50th percentile is not being achieved. Mr. Wan responded that BCA universe is 590 public funds provided by a subscription service. Some of these funds are over \$1 billion and can afford to be riskier.

Mr. Sugarman commented that if not following the IPS guidelines then the Board should take action or change the IPS guidelines to a more appropriate benchmark.

Mr. Wan noted that maturity of fund has liquidity requirements and this has an impact on investment strategy. FRS has 25% in private investments which is not something this Fund would pursue. Mr. Wan will follow-up with white paper on different ranking sources.

Mr. Sugarman added that unlike private industry, governments and transit agencies have very limited pricing power so our guidelines seek employer contributions that are consistent rather than volatile. This also has an impact on amount of risk to take on.

Ms. Alleyne moved to increase the Barings redemption from \$4 million to \$8 million, based on the recommendation of BCA; Mr. Rodriguez seconded, approved by the Trustees 4-0.

Mr. Rodriguez moved to terminate Scout as an investment manager and add the BNY Mellon Mid Cap Index, based on the recommendation of BCA; Ms. Master seconded, approved by the Trustees 4-0.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD March 7, 2024**

ATTORNEY REPORT: BONNI JENSEN AND ROBERT SUGARMAN

Ms. Jensen summarized the circumstances for Carlos Prieto. He is a participant who is being reinstated. While he was filing his grievance, he wanted to commence his pension benefit. Because he was contesting his termination and intended on returning to work, this was not considered a bona fide retirement. SBA learned of the grievance through discussions with the participant.

The Board suggested that SBA modify the retirement application for the participant to confirm they are not grieving or contesting their termination or seeking reemployment.

Ms. Jensen reported that she has not heard a response from Rolnick Kramer Sadighi to the Board's counter offer of \$750 offer to PG&E on their bankruptcy.

Ms. Jensen report that her firm's agreement is ready for signature. This was approved at the December Board meeting.

Mr. Sugarman reported that the state law has changed for the Form 1 reporting. The deadline is still July 1. The form must now be submitted electronically to the state instead of the county supervisor of elections.

Mr. Sugarman reported they his firm has reviewed the Salem Trust Assumption and Ratification Agreement, as well as the official Fictitious name registration. This is due to the merger between TMI Holdings and Argent Financial Group being finalized and is an addendum to Salem Trust's contract, there are no changes to the contract or fees. This agreement is ready for execution.

Mr. Rodriguez made a motion to approve and execute the updated Salem Trust Agreement for the assignment and assumption to Argent Financial, Ms. Master seconded, approved by the Trustees 4-0.

ADMINISTRATOR REPORT: Mary Shah

Ms. Shah discussed the newsletter with the Board. She plans to complete an initial draft prior to the June board meeting. She is looking for topics to include. Ms. Shah mentioned including key contact information (SBA, Social Security Office, Defined Contribution Plan, Healthcare Plans, Palm Tran HR) and a reporting of the plan's financial position.

The Board mentioned public misconception of unfunded actuarial liability. Including a write-up of what this means in laymen's terms would be helpful. It was mentioned to consider the retirees fully funded and that the actives are being funded over time. Ms. Jensen mentioned using a mortgage analogy where it is a planned debt that is paid off over time. The County makes contributions each year to pay down the unfunded liability. Mr. Little will draft a few paragraphs to include on this topic.

PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD March 7, 2024

PLAN FINANCIALS

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

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

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

BOARD COMMENTS

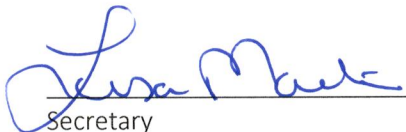
There was no Board Comments.


OTHER BUSINESS

There was no Other Business.

ADJOURNMENT

There being no further business and the next Quarterly Meeting being scheduled for Thursday, June 6, 2024. Mr. Rodriguez made a motion to adjourn the Meeting at 12:23 PM, seconded by Ms. Master, and approved by the Trustees 4-0.


Secretary


Date