

**PALM TRAN ATU LOCAL 1577 PENSION PLAN  
MINUTES OF QUARTERLY MEETING HELD September 5, 2024**

Chairman Dwight Mattingly called the meeting to order at 8:49 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=md3034a450f5f52eb489cf932dedc13dd>

Phone: 1 (844) 621-3956

Meeting number (access code): 2302 591 6681

Meeting password: WZmm5taV83e

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  
Rushant Sanathara, PIMCO, via CMT  
Prerna Gupta, PIMCO, via CMT  
Chris Caputo, Integrity Fixed Income Management, LLC  
Chad Little, Freiman Little Actuaries  
Mary Shah, Strategic Benefits Advisors  
Lesley Posey, Strategic Benefits Advisors  
Susy Iglesias, Palm Tran HR  
Magdala St. Fleur, Palm Tran HR  
Carlos Prieto, Plan Member

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 June 6, 2024, which were reviewed in advance by Counsel. Ms. Alleyne seconded the motion, and it was approved by the Trustees 4-0.**

PUBLIC COMMENT

Mr. Prieto provided details of his Commencement Date request.

PIMCO: RUSHANT SANATHARA AND PRERNA GUPTA

Mr. Sanathara and Ms. Gupta gave an overview of PIMCO. It is the largest active bond fund and they have a team that specifically focuses on public plans. They have a global investment platform

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that focuses on consistent payout and capital preservation. Asset allocation is across higher quality and higher yielding assets in order to provide consistent and diversified sources of return. Strategy is flexible with no benchmark. They actively manage duration risk globally and look for the most attractive markets for the best return. There are two overall goals of the fund: attractive yield and capital preservation.

Chairman Mattingly asked about the average ratings of the bonds that are in the fund and what is the lowest rated bond in the strategy. The response was that it fluctuates. In August, the average was AA. In other months, it has been A. The fund has a few CCC rated bonds.

INTEGRITY FIXED INCOME MANAGEMENT, LLC: CHRIS CAPUTO

Mr. Caputo gave an overview of Integrity. They are Institutional Fixed Income only. 46% of the assets under management are Florida Public Funds. Integrity is primarily Core Fixed Income and everything is customized. Value is added in sector allocations – corporate sectors that are less interest rate sensitive bonds are favored and they will opportunistically pursue sector rotation. Excess yield adds value over time. Duration is managed to stay in a range around the benchmark. Yield curve distribution varies. Integrity is in the bullet strategy now due to the shape of the yield curve and since credit spreads are tight.

For mortgages, only U.S. Government Agency Mortgage Passthrough Securities are purchased. Stable duration is the focus. Integrity buys “seasoned” mortgages; these are less sensitive to interest rate changes.

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

Mr. Wan provided an analysis of the 3 bond managers: Garcia Hamilton (GH&A,) Integrity and PIMCO. Integrity and PIMCO are up for consideration and GH&A is the current fixed income manager. The 3 managers are similar in risk profile and they all outperformed the Bloomberg Aggregate benchmark after 5 years, although there may be variations within this time period. PIMCO had lower quality bonds and lost during COVID (2020) but took less than 1 year to recover. Lower quality will lose in a bad event, but the overall goal is to outperform the benchmark, and they had the highest overall return of the 3 managers after 5 and 10 years. The coupon for bonds is around 4% under GH&A’s management. When the market goes down, stocks fall, so having the coupon helps the portfolio when the stocks decrease in value. Integrity doesn’t have ups and downs but consistently outperforms the benchmark.

Mr. Wan noted that Integrity would replace GH&A but PIMCO would not. However, Palm Tran could consider allocating a portion of the portfolio to PIMCO as interest rates should be decreasing and we won’t be able to capture bonds like this in the future. Mr. Wan recommends moving the \$17M in assets under GH&A management to Integrity (\$15M) and PIMCO (\$2M).

**Mr. Rodriguez made a motion to replace GH&A with Integrity (\$15M) and PIMCO (\$2M). Ms. Alleyne seconded the motion, and it was approved by the Trustees 4-0.**

Chairman Mattingly noted that we need to confirm that PIMCO meets standards within the Investment Policy Statement.

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**Mr. Rodriguez made a motion to authorize Chairman Mattingly to sign documents authorizing BCA to handle the logistics of the transition before the next meeting and also for BCA to implement and transition the assets. Ms. Alleyne seconded the motion, and it was approved by the Trustees 4-0.**

Mr. Wan then reviewed the Plan Portfolio and the overall market environment. The U.S. default rate is below the long-run average as of June 30, 2024, and the S&P 500 is up 24% YTD. The top 10 securities are 37% of the market, with Nvidia being the biggest driver. One-third of the total return came from Nvidia and two-thirds of the total return came from the remaining stocks.

Mr. Wan further discussed that risk management decisions made in June have paid off. \$6.6 Million from the growth strategy funds (\$3.3M Vulcan and \$3.3M from Fidelity Large Cap Growth) was transferred to the BNY Mellon 1000 CIT fund. Mr. Wan recommends continuing to pull back from the growth strategy and take another \$3M from the Fidelity Large Cap Growth fund and move to the BNY 1000 CIT fund.

**Mr. Rodriguez made a motion to take \$3M from Fidelity LCG fund and move to BNY 1000 stock index fund. Ms. Master seconded the motion, and it was approved by the Trustees 4-0.**

Alternative investments in Florida are about half of what others in the country are doing. The Palm Tran pension trust has a much lower concentration in alternatives and a higher concentration in U.S. stocks. Alternative investors have had trouble raising cash. There is an \$8M cue at Barings and there was a \$1M redemption on July 1. Alternatives are not just real estate but expanded to look at Bloomfield and JP Morgan funds. Bloomfield is an asset-back lender, lending investors at 10-12% deals that are less than \$10M. Money is locked for 7-10 years. JP Morgan Private Markets Fund is an open market fund. It has more liquidity and can get in and out quarterly.

**Mr. Rodriguez made a motion to take \$1M from Barings and move to Bloomfield. In addition, authorize Chairman Mattingly to sign agreement documents and for BCA to do the logistical work to implement. Ms. Master seconded the motion, and it was approved by the Trustees 4-0.**

CUSTODIAN REPORT: (PACKET ONLY)

The Quarterly Investment Report Q2 2024 was provided in the packet. No further updates.

AUDITOR REPORT: (PACKET ONLY)

Signed auditor report with the updated Note 1 was provided in the packet. No further updates.

ACTUARY REPORT: CHAD LITTLE

Nothing to report.

ATTORNEY REPORT: BONNI JENSEN AND ROBERT SUGARMAN

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Ms. Jensen presented draft Amendment 8 to the pension plan. The amendment aligns section 4.22 of the pension plan to the most recent Collective Bargaining Agreement where the threshold hours for an employee to be considered part-time increased from 24 to 26 hours per week.

Mr. Rodriguez noted that there are a couple of people who went over the part-time hours threshold and were rehired/collecting pensions. He will provide names to the Plan Administrator for research and communication with Palm Tran.

**Mr. Rodriguez made a motion to accept Amendment 8. Ms. Master seconded the motion, and it was approved by the Trustees 4-0.**

Ms. Jensen then presented the updated SPD. A few updates to be made still need to be made: (1) add a provision to make sure the member knows that the Plan Administrator needs to be notified that they are terminated and intend on retiring, (2) current list of amendments, (3) replace actuarial information, and (4) clarify that date of retirement will be no earlier than the first of the month following the date a retirement application is submitted.

**Ms. Master made a motion to approve the SPD as amended. Mr. Rodriguez seconded the motion, and it was approved by the Trustees 4-0.**

Chairman Mattingly confirmed that a union printer would be used for the printing of the SPDs.

ADMINISTRATOR REPORT: Mary Shah

Ms. Shah presented the Fiduciary Liability and Crime Policy renewals.

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

Mr. Sugarman suggested that the broker introduce themselves at the next meeting and discuss what they do to solicit new renewals for insurance policies.

Ms. Shah presented the retirements in process. Chairman Mattingly asked why there was such a variance in the time to turn around the calculations. Mr. Little will review the list of members and provide a summary of the reasons for the variance.

Next, Ms. Shah presented Mr. Prieto's request for a change in his commencement date due to the timing of his last day of work and the timing of his grievance. Chairman Mattingly noted that a member cannot go back and change a retirement date and that the Plan Administrator has complied with the provisions of the plan. Mr. Sugarman suggested that the plan be amended to clarify what happens when there is a grievance. In addition, members need to understand that they can pull back their retirement application, so if they are thinking about retiring, they should go ahead and submit an application for retirement.

**Ms. Master made a motion to deny Mr. Prieto's request to change his retirement date based on his application date. Ms. Alleyne seconded the motion, and it was approved by the Trustees 4-0.**

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Ms. Shah then provided Mr. Atoki's case for disability retirement.

**Ms. Alleyne made a motion to determine that Mr. Atoki was disabled on 10/8/2019 and was therefore eligible for disability retirement retroactive to 11/1/2019. Ms. Master seconded the motion, and it was approved by the Trustees 4-0.**

Finally, Ms. Shah presented the documents to authorize the authorized signers to use Docusign, with two-factor authentication for Salem Trust direction.

**Ms. Master made a motion to authorize use of Docusign with a confirmation call, to sign documents. Ms. Alleyne seconded the motion, and it was approved by the Trustees 4-0.**

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 September 5, seconded by Ms. Alleyne, approved by the Trustees 4-0.**

**Mr. Rodriguez made a motion to approve the Benefit Approvals dated September 5, 2024, seconded by Ms. Master approved by the Trustees 4-0.**

BOARD COMMENTS

There were no Board Comments.

OTHER BUSINESS

There is a need to create a policy/expectations regarding the creation of an "advisory trustee/committee" that can be trained and be prepared to serve if the need arises. More to come on this at the next meeting.

Chairman Mattingly is now the chairman of the FPPTA.

ADJOURNMENT

There being no further business and the next Quarterly Meeting being scheduled for Thursday, December 5, 2024. **Mr. Rodriguez made a motion to adjourn the Meeting at 1:10 PM, seconded by Ms. Alleyne, and approved by the Trustees 4-0.**

  
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Secretary

12/15/2024  
Date