

**PALM TRAN ATU LOCAL 1577 PENSION PLAN  
MINUTES OF QUARTERLY MEETING HELD June 5, 2025**

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://pbc-gov.webex.com/pbc-gov/j.php?MTID=m98d4563ca374eddc3580a02a02fb241c>

Phone: 1 (844) 621-3956

Meeting number (access code): 2305 297 3607

Meeting password: xZCYhnMx336

Those persons present included:

APPROVAL OF THE AGENDA

**TRUSTEES**

Dwight Mattingly, Chair

Lisa Master

Marcos Rodriguez

Valerie Alleyne

**OTHERS PRESENT**

Frank Wan, Burgess Chambers & Associates

Barney Mbigha, American Funds

Emily Liao, American Funds

Russ Kamp, Ryan ALM, via CMT

Daniel Anderson, Mauldin & Jenkins

Paula Freiman, Freiman Little Actuaries, via CMT

Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

Madison Levine, Sugarman Susskind Braswell & Herrera

Mary Shah, Strategic Benefits Advisors

Randy Whitty, Strategic Benefits Advisors

Magdala St. Fleur, Palm Tran HR

APPROVAL OF THE AGENDA

Ms. Alleyne made a motion to approve the Agenda. The Agenda was amended, adding the Form 1 filing deadline to the Attorney Report section of 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 held March 6, 2025, which were reviewed in advance by Counsel. The motion was seconded by Ms. Alleyne and approved by the Trustees 4-0.

PUBLIC COMMENT

There were no public comments.

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AMERICAN FUNDS: BARNEY MBIGHA & EMILY LIAO

Mr. Wan introduced Mr. Mbigha and Ms. Liao from American Funds, a managed fund in the International Equity portion of the portfolio. Mr. Mbigha provided an organizational overview, described how they have a long-term approach, utilize multiple portfolio managers, and have a global footprint. They have a multiple manager system where each manager manages a slice of the assets. Portfolio managers are very tenured, with a median of 31 years' investment industry experience and 27 years with the company. Their strategy is to provide long-term growth of capital using a bottom-up and research-driven investment process.

Ms. Liao discussed the EuroPacific Growth strategy. The strategy seeks investment opportunities in both developed and emerging markets outside the U.S. Current international markets show strong returns, driven by economic stimulus and recovery from negative sentiment. The portfolio has been cautious with investments in China due to regulatory risks and geopolitical tensions. The portfolio is positioned for global economic growth, emphasizing sectors like industrials and technology.

RYAN ALM: RUSS KAMP

Mr. Kamp discussed cash flow matching as a de-risking strategy for pension plans. Cash flow matching secures benefit payments and eliminates uncertainty from market fluctuations. The current funded status of the plan is 88.53%, with liquidity challenges due to negative cash flow. The strategy uses investment-grade corporate bonds to match cash flows with benefit payments and expenses. Cash flow matching allows the remaining portfolio to grow unencumbered, enhancing long-term returns. Current fixed income investments are sensitive to interest rate fluctuations, impacting their market value and cash flows. The optimization process incorporates client contributions to ensure monthly benefit payments and expenses are met. The portfolio's current construction yields insufficient income to cover annual benefits and administrative costs.

Following Mr. Kamp's presentation, there were comments from the Investment Consultant and Actuary. No action is being recommended at this time.

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

Mr. Wan began with the market overview. The U.S. labor market remains strong, with job additions exceeding expectations in April. Current market conditions show little opportunity for risk reduction despite volatility. The weakening U.S. dollar impacts international investments, benefiting foreign sectors. Corporate bonds carry higher risk than government bonds but may offer better long-term returns. Cash flow is becoming a more significant concern as retirements increase and contributions decrease. Total return over five years is 9.49%, outperforming the benchmark of 8.21%. Recent three-year performance shows increased risk but lower returns, particularly affected by 2022 market conditions.

Mr. Wan noted stock pickers struggled due to market concentration; owning key stocks was crucial for performance. Vulcan's recent performance has declined, warranting consideration for termination and portfolio adjustments. Mr. Wan recommended terminating the Vulcan portfolio in two tranches: merge 50% of the portfolio into the existing Russell 1000 Index portfolio and

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designate a later date to liquidate the remaining 50% once market volatility has toned down. In the meantime, Mr. Wan recommended bringing in 2-3 investment managers to the next meeting.

**Mr. Rodriguez made a motion to approve the termination of the Vulcan portfolio as recommended by the Investment Consultant. The motion was seconded by Ms. Master and approved by the Trustees 4-0.**

CUSTODIAN REPORT: (PACKET ONLY)

The Quarterly Class Action Q1 2025 was provided in the packet. There were no checks paid. Salem Trust contracts with Chicago Clearing Corporation to gather class action filings. In the last quarter, there were 2 claims filed, and 2 claims are pending.

AUDITOR REPORT: DANIEL ANDERSON

Mr. Anderson presented the draft Auditor report.

Mr. Anderson discussed the audit process and indicated that there were no findings.

**Ms. Master made a motion to approve the Auditor report. The motion was seconded by Ms. Alleyne and approved by the Trustees 4-0.**

ACTUARY REPORT: PAULA FREIMAN

Ms. Freiman presented the draft Actuarial Valuation as of January 1, 2025.

Page 1 indicates that the Employer Contribution remains consistent with last year, around \$6M. There was a decrease in the number of active members and an increase in the number of inactive members in payment status from the prior year. Market value of assets return was 12.74% while the return on the smoothed Actuarial Value of Assets (asset gains and losses are smoothed over a 5-year period) was 5.57%. The Funded Percentage is 89.22% (versus 88.53% last year). This percentage is based on the Actuarial Value of Assets. The Assumed Net Rate of Investment Return is 7.00%, which is the same that was used for the 2024 actuarial valuation.

Page 4 shows there were no changes in Plan Provisions since the prior actuarial valuation. Ms. Freiman recommended changing the rate of return assumption and that an experience review be performed. The last experience review was done in 2018 and should be performed every 3-5 years.

Page 9 shows the Low-Default-Risk Obligation Measure, which shows the supplementary calculation of the Plan's liability assuming the Plan's investments are invested in low-default-risk securities. The illustration shows that the Plan has created around \$60M in value by investing in assets that provide a higher return.

Mr. Rodriguez and Mr. Mattingly both noted that they get asked frequently if the Plan is "healthy". Ms. Frieman responded that the Plan will remain actuarial sound if Palm Tran continues to make the recommended contributions.

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**Mr. Rodriguez made a motion to approve the Actuarial Valuation. The motion was seconded by Ms. Alleyne and approved by the Trustees 4-0.**

**Ms. Master made a motion to perform an experience review. The motion was seconded by Mr. Rodriguez and approved by the Trustees 4-0.**

Mr. Rodriguez asked whether a motion should be made to do an experience review every 3-5 years. Mr. Mattingly tabled the conversion to the Other Business section of the agenda.

Mr. Mattingly discussed whether to reduce the Assumed Net Rate of Investment Return. It was decided to wait until the experience review has been performed before changing the rate.

**Ms. Alleyne made a motion to set the Expected Rate of Return to 7.00% for the short-term, the mid-term, and the long-term. The motion was seconded by Mr. Rodriguez and approved by the Trustees 4-0.**

**ATTORNEY REPORT: BONNI JENSEN & MADISON LEVINE**

Ms. Jensen discussed the benefit formula and the different tiers, including the effective dates under the Plan. Further discussion continued how participants can better understand their benefit statement; specifically, those participants whose benefits are capped at 62.5% of Final Average Salary (Tiers 2, 3, and 4). It was suggested to add language to their statements showing how much longer they would have to work before their benefit is capped. Ms. Master requested redacted versions of each tier benefit statement for further discussion at the September meeting.

Ms. Jensen provided the background on the arrest of former employee Dario Zurito. If convicted of theft, Mr. Zurito is subject to forfeiture of his pension benefit under Florida Statutes. Ms. Jensen will continue to monitor his case before determining whether a forfeiture should occur. However, it was noted that he is entitled to a refund of his contributions regardless of the outcome.

Ms. Levine noted that the Form 1 filing is due July 1<sup>st</sup>.

**ADMINISTRATOR REPORT: MARY SHAH**

Ms. Shah noted that the General Liability policy is up for renewal, with a premium increase from \$1,902 to \$2,054.

**Ms. Master made a motion to renew the General Liability policy. The motion was seconded by Ms. Alleyne and approved by the Trustees 4-0.**

Ms. Shah noted that the Fiduciary Liability policy is up for renewal, with no change in premium.

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

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Ms. Shah noted that the Commercial Crime policy is not up for renewal at this time as it is renewed every 3 years.

Ms. Shah noted that the next newsletter will go out to actives with their benefit statement and also mailed to retirees. The newsletter will include updates on retirements/deaths during the past year, a summary of valuation results, and a reminder about the retirement process.

**Mr. Rodriguez made a motion to approve the newsletter. The motion was seconded by Ms. Master and approved by the Trustees 4-0.**

**Mr. Rodriguez made a motion to also send the newsletter to retirees. The motion was seconded by Ms. Master and approved by the Trustees 4-0.**

Ms. Shah noted that there are no retirees affected by the new withholding rules. Two retirees currently reside outside the U.S., but federal taxes are being withheld from their pension payments. Mr. Mattingly approved the addition of language to the retirement process paperwork addressing the new withholding rules provided it also covers potential tax liability in states that are subject to state income tax for retirees who reside outside of the state of Florida.

**PLAN FINANCIALS**

Approval of the Interim Financials was not necessary.

**Mr. Rodriguez made a motion to ratify the Warrants dated June 5, 2025. The motion was seconded by Ms. Alleyne and approved by the Trustees 4-0.**

**Mr. Rodriguez made a motion to approve the Benefit Approvals dated June 5, 2025. The motion was seconded and approved by the Trustees 4-0.**

**OTHER BUSINESS**

Based on Ms. Freiman's earlier recommendation, Mr. Rodriguez requested that an experience review be performed every 3-5 years. Mr. Mattingly requested that Ms. Levine draft a policy and present it at the next meeting.

**BOARD MEMBER COMMENTS**

Iran Joey Acevedo nominated himself to be the Union representative on the Pension Fund Advisory Committee. It was noted by Mr. Rodriguez that there are no other nominations.

**Mr. Rodriguez made a motion to appoint Mr. Acevedo as the Union representative on the Pension Fund Advisory Committee. The motion was seconded by Ms. Master and approved by the Trustees 4-0.**

The County should be advised of the Advisory Committee and their opportunity to nominate an individual.

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ADJOURNMENT

There being no further business and the next Quarterly Meeting being scheduled for Thursday, September 4, 2025. Ms. Alleyne made a motion to adjourn the Meeting at 2:24 PM. The motion was seconded by Ms. Master and approved by the Trustees 4-0.

  
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Secretary

9/4/2025  
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Date