

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD March 6, 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=mda179d371abd48756ecdcd8d293d277f>

Phone: 1 (844) 621-3956
Meeting number (access code): 2302 611 5783
Meeting password: aNQZhVFJ462

Those persons present included:

APPROVAL OF THE AGENDA

TRUSTEES

Dwight Mattingly, Chair
Lisa Master
Marcos Rodriguez
Valerie Alleyne

OTHERS PRESENT

Madison Levine, Sugarman Susskind Braswell & Herrera
Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
Frank Wan, Burgess Chambers & Associates
Santiago "Santi" Hechart, Vulcan Value Partners
Chad Little, Freiman Little Actuaries, via CMT
Mary Shah, Strategic Benefits Advisors, via CMT
Lesley Posey, Strategic Benefits Advisors
Magdala St. Fleur, Palm Tran HR

APPROVAL OF THE AGENDA

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

APPROVAL OF THE MINUTES

Ms. Alleyne made a motion to approve the Minutes from the Quarterly Meeting of December 5, 2024, 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.

VULCAN VALUE PARTNERS: SANTIAGO ("SANTI") HECHART

Mr. Hechart gave an overview of the Vulcan Value Partners Fund. They focus on value-oriented stocks and have an "MVP List" of companies that they monitor and will own if they become discounted. They tend to lean into high quality companies that are out of favor.

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Chairman Mattingly expressed concern on performance and emphasized the Board needs to see return and beat our peers. Mr. Hechart responded that Vulcan has a long-term approach, and returns will be there if you allocate properly and invest in good companies. Vulcan doesn't focus on any benchmark; they look to long-term and can look quite different in the short-term for their competitors. The strategy is to buy strong companies with a "margin of safety" (a favorable difference between the price of the shares vs. the estimated fair value of those shares).

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

Mr. Wan began with a follow-up on the Vulcan presentation. Looking at the Manager Quartile rankings on page 17, they look for patterns. As the need to raise cash arises, they have been selling Vulcan shares, as well as from the Fidelity 1000 growth index. The Fidelity 1000 growth index has expensive stocks right now, so shares are also being pulled from here to raise cash.

Value and growth stocks tend to act like a see-saw in returns – when one is up, the other is down. Currently, value stocks (companies with higher dividends and slower growth) are up, and growth stocks are down. We look at US currency vs other countries to evaluate how strong the US economy is, and we also look at unemployment rates in the US. Back to the office mandates are having an impact on real estate – tenants may need more office space going forward.

Chairman Mattingly asked why the Fund's asset allocation wasn't at 60 stocks/40 bonds but has moved to 45 stocks/15 private assets/40 bonds. Mr. Wan responded that this is because stock returns have decreased over the year, so there is a need to look at other asset types to create the target return for the entire portfolio. Private assets are being used to reposition the portfolio to get the target return.

Palm Tran's pension fund has returned 12.7% over the past fiscal year, ranking in the 11th percentile.

Chairman Mattingly inquired about the Investment Policy Review on pages 6 and 7 of the presentation, noting that there are currently more "no's" than "yes's". How can we get more "yes's"? Mr. Wan discussed that we don't want to sell at the bottom, and we can already see some of the fund trending to better returns, which will give us more "yes's" in the future.

Ms. Master asked about the contributions made to the plan during 2024. There was \$12 million contributed by the County in 2024. It's a December 31st vs. January 2nd issue. Contributions are being made on a consistent basis and according to minimum funding requirements, but on a calendar year basis, 2024 looks higher. Mr. Little confirmed that Palm Tran could make contributions at a consistent time, either December 31st or January 2nd. There will be more focus on consistent timing going forward.

CUSTODIAN REPORT: (PACKET ONLY)

The Quarterly Class Action Q4 2024 was provided in the packet. There were 12 checks paid for a total of \$9,743.92. Salem Trust contracts with Chicago Clearing Corporation to gather class action filings. In the last quarter, there were 3 claims filed, and 3 claims are pending. There were no questions.

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ACTUARY REPORT: CHAD LITTLE

Mr. Little noted that there is nothing specific to report on for this meeting and the presentation of the valuation report will take place at the next meeting.

Mr. Little provided an update from an FPPTA committee that he and Chairman Mattingly have been involved with. They have been studying how plans weather market ups and downs and one item they want to see as part of their research is the cost of what an increase from 1.6% to 2.0% multiplier in the Palm Tran formula for Tier 4 participants would be as a case study. The study would use Palm Tran generic data and FPPTA would pay for the cost of the study, which at this point is estimated to be \$6,000. Chairman Mattingly raised the question as to whether the Plan would like to invest in a small portion of the cost, perhaps \$1,000 to \$1,500. Union negotiations are coming up and the results of the study could then be used towards the cost of producing the actuarial impact statement if the union negotiates a similar pension benefit increase.

There was further discussion on this matter. If the union negotiates something that is not exactly as the stated study, there will need to be additional actuarial projections (at additional cost) to produce the impact statement. To use the FPPTA study results for the impact statement, the 1/1/2026 valuation would need to include the benefit increase, exactly as it was studied. Ms. Master wanted to know the history/rationale behind the change to the 1.6% multiplier and addition of Tier 4. Chairman Mattingly provided the background that the County needed to lower their contribution rate for future benefits to help offset the \$10 million contribution that was due at that time. Further discussion noted that Tier 3 also has part of their benefit at the 1.6% multiplier, so the study should be adjusted to bring minimum multiplier up to 2% for Tiers 3 and 4.

Mr. Mattingly made a motion to move forward with the study to adjust the minimum multiplier to 2% for Tiers 3 and 4, with Palm Tran investing \$2,000 in the study. There was no 2nd for the motion. The motion failed.

There were no objections to the study being performed and sponsored by the FPPTA and there was no further discussion.

ATTORNEY REPORT: BONNI JENSEN AND MADISON LEVINE

Ms. Jensen presented the updated Statement of Policy Regarding Pension Fund Advisory Committee. The Advisory Committee would include 2 members nominated by Palm Tran and selected by the Board of Trustees and 2 members of the Amalgamated Transit Union Local 1577, nominated by the Union. Members of the Committee would attend one FPPTA meeting per year and attend all Board meetings, although they would not be able to vote. Discussion about the cost and necessary number of members on this committee followed.

Ms. Master made a motion to approve the policy with the change to 2 members instead of 4 (1 Palm Tran and 1 Union Member). Ms. Alleyne seconded the motion, and it was approved by the Trustees 4-0.

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Ms. Jensen presented the IRS Mileage Rate for 2025, which is \$0.70 per mile as well as the Social Security Fairness Act of 2025.

Ms. Jensen presented the new withholding requirements for retirement plan payments to recipients outside of the United States. Ms. Shah will look to see if anyone is currently affected. Ms. Jensen will create a sheet to put on top of the W-4P and include state withholding information on that sheet as well.

Ms. Levine provided the update that the Bloomfield contract should be done by next week.

ADMINISTRATOR REPORT: MARY SHAH

Ms. Shah provided the update that the next newsletter will go out with the benefit statements. It will also be sent to retirees, same as last year. The newsletter will include updates on retirements/deaths during the past year, a summary of valuation results and a reminder about the retirement process. The Board will let Ms. Shah know if there are other items to be included.

Ms. Shah presented the retirements in process as well as an update that the audit is in process. Census and asset information have been sent, so all is on-track for the presentation of the audit results at the June meeting.

PLAN FINANCIALS

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

Ms. Master made a motion to ratify the Warrants dated March 6, 2025, seconded by Mr. Rodriguez, approved by the Trustees 4-0.

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

Mr. Rodriguez made a motion to approve the Benefit Approvals dated March 6, 2025, seconded by Ms. Master approved by the Trustees 4-0.

BOARD COMMENTS

Chairman Mattingly appreciates the time and commitment from the Board members and vendors who support the Plan and its members.

OTHER BUSINESS

It was noted that Chairman and Secretary positions need to be voted on each year and this was not done at the December meeting.

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Ms. Master nominates Chairman Mattingly for Chairman. Ms. Alleyne seconds and approved by the Trustees 4-0.

Chairman Mattingly nominates Ms. Master for Secretary. Ms. Alleyne seconds and approved by the Trustees 4-0.

ADJOURNMENT

There being no further business and the next Quarterly Meeting being scheduled for Thursday, June 5, 2025. Mr. Rodriguez made a motion to adjourn the Meeting at 12:05 PM, seconded by Ms. Master, and approved by the Trustees 4-0.



Secretary

6/5/2025

Date