

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD VIA VIDEO CONFERENCE ON
TUESDAY FEBRUARY 7, 2023, at 11:30 AM**

I. ROLL CALL: 11:40 AM

A. Employees' Retirement Board:

Evanna Stephenson called the meetings to order for the Employees' Retirement System Board at 11:30 AM.

Those persons present included:

Trustees: Evanna Stephenson, Chair
Eusebio Morales
Wayne Lewis
Mayor Betty Resch

Others: Scott Baur and Albert Lovingood (Resource Centers)
Madison Levine, Attorneys (Sugarman & Susskind)
Brad Hess, Consultant (AndCo)
Eric Leventhal and Khaled Ali (KDST)

B. Police Retirement Board:

Christopher Johnson called the meeting to order for the Police Officers Retirement System Board at 11:30 AM.

Those persons present included:

Trustees: Christopher Johnson, Chair
Charles Ferry
Lonney Moral
Mayor Betty Resch

II. PLEDGE OF ALLEGIANCE

All in attendance said the Pledge of Allegiance.

III. EXTRAORDINARY CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY

All trustees attending were physically present at the Board Meeting.

IV. PUBLIC COMMENT

No members of the public had any comment.

V. ADDITIONS/ DELETIONS/ REORDERING:

A. Employees' Retirement Board:

B. Police Retirement Board:

C. Employees' and Police Retirement Board:

The Boards made no changes to the agenda.

Action: Eusebio Morales made a motion to accept the General Employees' Meeting Agenda as presented. The motion received a second from Mayor Betty Resch.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: Charles Ferry made a motion to accept the Police Officers' Meeting Agenda as presented. The motion received a second from Mayor Betty Resch.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

VI. UNFINISHED BUSINESS:

A. Employees' Retirement Board:

B. Police Retirement Board:

C. Employees' and Police Retirement Board:

1. DROP Account Interest Rate

Plan Attorney Madison Lavine informed the Boards that she has drafted changes to the Ordinance for both the General Employees and Police Officers' Pension Plan to change the DROP Earning Credit Rate from being tied to the LIBOR Rate to being tied to the respective Plan's Assumed Rate of Return.

VI. NEW BUSINESS:

A. Employees' Retirement Board:

B. Police Retirement Board:

C. Employees' and Police Retirement Boards:

1. KSDT Presentation of Annual Audits

Eric Leventhal presented the Board with the Draft Audit Report for the Lake Worth Beach General Employees' Pension Fund. Mr. Leventhal reported that they did not encounter any difficulties and reported a clean unmodified opinion for the Plan's Audit. The fiduciary net position decreased from \$83,097,734.00 at fiscal yearend 2021 to \$68,728,004.00 at fiscal yearend 2022, which resulted in a loss of 17% which was due primarily to unfavorable market conditions. Benefits paid directly to retirees were \$8,614,138.00, which was 3% greater than the benefit paid to retirees during 2021. Contributions decreased moderately to \$5,654,132, which was 2% lower than the 2021 contributions. Mr. Leventhal then reviewed the administrative expenses of the Plan, noting that the total expenses for Fiscal Year 2022 totaled \$143,727.00, which is up from \$124,254.00 in administrative expenses for 2021 and that. Mr. Baur noted that the administrative expenses are 21 basis points of the Plan's assets, which is very efficient. Mr. Leventhal then reviewed The Management Letter with the Board in detail and concluded his presentation by reminding the Board that even though his firm does not specifically review internal controls, the audit did not identify any deficiencies.

Action: Wayne Lewis made a motion to accept the 2022 Lake Worth Beach General Employees' Pension Fund Annual Audit as presented. The motion received a second from Mayor Betty Resch.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: Charles Ferry made a motion to accept the Audit Representation Letter as presented. The motion received a second from Lonney Moral.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Eric Leventhal presented the Board with the Draft Audit Report for the Lake Worth Beach Police Officers' Pension Fund. Mr. Leventhal reported that they did not encounter any difficulties and reported a clean unmodified opinion for the Plan's Audit. The fiduciary net position decreased from \$41,545,013.00 for fiscal yearend 2021 down to \$35,632,405.00 for fiscal yearend 2022, which was due primarily to unfavorable

market conditions. Benefit payments paid directly to retirees was \$5,782,282.00, which was 0.50% less than the benefits paid directly to retirees during 2021, which was primarily due to less retirees receiving benefits. The Administrative expenses for Fiscal Year 2022 totaled \$106,763.00, which was slightly higher than 2021. Mr. Baur noted that the administrative expenses are 30 basis points of the Plan's assets, which is very efficient. Mr. Leventhal then reviewed The Management Letter with the Board in detail and concluded his presentation by reminding the Board that even though his firm does not specifically review internal controls, the audit did not identify any deficiencies.

Action: Charles Ferry made a motion to accept the 2022 Lake Worth Beach Police Officers' Pension Fund Annual Audit as presented. The motion received a second from Mayor Betty Resch.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: Charles Ferry made a motion to accept the Audit Representation Letter as presented. The motion received a second from Mayor Betty Resch.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

2. Investment Consultant: Quarterly Performance Report

Mr. Hess presented the Lake Worth Beach General Employees' Pension Fund Quarterly Performance Report Dated December 31, 2022. Mr. Hess started his presentation by reviewing the markets, stating that the U.S. GDP growth was revised upward to 3.2% for the third quarter and GDP is expected to remain strong in the fourth quarter. The Federal Reserve continued to increase interest rates with an additional 0.75% increase in November and a 0.05% increase in the month of December with the Federal Reserve signaling that it remains committed to fighting inflation through additional rate hikes is needed. The U.S Labor Market continued to show its resiliency by adding approximately 680,000 jobs in the fourth quarter, resulting in unemployment falling to 3.5%. Despite these gains, the number of announced layoffs during the quarter increased, which could impact labor markets in the near future.

The Lake Worth Beach General Employees' Retirement System had total assets of \$70,439,609 as of December 31, 2022. For the quarter, the Plan earned a net 5.77%, compared to the benchmark rate of 5.96%. The Five-Year returns were at 5.98%, versus the benchmark rate of 5.90%, and since inception, the Plan has earned 7.82%, compared to the benchmark rate of 8.13%. The Police Officers' Pension Plan finished the December 31, 2022, quarter with a total asset of \$36,567,951. For the Quarter, the Plan earned 5.27% net of fees compared to the benchmark rate of 5.96%. The Five-Year returns were 5.62%, compared to the 5.91% benchmark, and since inception, the Plan has earned a net return of 7.54%, compared to the 8.07% benchmark. Mr. Hess then reviewed the asset allocations in detail with the Board and stated that there is no need to rebalance at this time. Mr. Hess then reviewed the individual investments in detail with the Board, noting the turnaround in the markets as compared to 2022. Mr. Hess concluded his presentation with informing the Boards that the Plans assets have strong long-term performance results.

3. AndCo Fee Increase Request

Mr. Hess provided both Boards with a request for an increase on the Investment Monitor Fees with a three-year guarantee, reviewing the proposed amounts and an explanation for the request. Police Chairman Christopher Johnson proposed a six-year fee guarantee for the Police Officers' Pension Plan which resulted in both Pension Plans suggesting a five-year fee guarantee.

Action: Eusebio Morales made a motion to accept the AndCo Investment Monitor Fee Increase with a Five-Year Rate Guarantee. The motion received a second from Mayor Betty Resch.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: Charles Ferry made a motion to accept the AndCo Investment Monitor Fee Increase with a Five-Year Rate Guarantee. The motion received a second from Lonney Moral

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Miss. Levine informed the Board that she will draft the new agreements for both Pension Plans.

Action: Eusebio Morales made a motion to accept the AndCo Quarterly Investment Report Dated December 31, 2022, as presented. The motion received a second from Mayor Betty Resch.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: Charles Ferry made a motion to accept the AndCo Quarterly Investment Report Dated December 31, 2022, as presented. The motion received a second from Lonney Moral

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

D. Board Attorney's Report:

1. Attorney Report – Madison Levine, Sugarman & Susskind

Ms. Levine reviewed the Secure Act 2.0 with both Pension Board, noting the changes that have a direct impact on the Plans.

E. ADMINISTRATOR REPORT:

1. Resource Centers Internal Controls

Mr. Baur presented both Pension Board with the 2022 Audit Engagement Letters from KSDT. Mr. Baur noted that the Audit for each Plan will cost \$9,150.00.

2. Signor Updates

The 2023 Trustee Conference List was provided to the Board by Mr. Baur. Any Trustees interested in attending any of these events should contact either Mr. Baur or Mr. Lovingood.

3. Non-Duty Disability Application

Mr. Baur presented both Boards that the 2023 Board Meeting Schedule.

VII. CONSENT AGENDA:

A. Employees' Retirement Board:

- 1. Warrants for Accounts Payable: November 1, 2022**
- 2. Warrants for Accounts Payable: September 6, 2022**
- 3. Benefit Approvals: November 1, 2022**
- 4. Benefit Approvals: September 6, 2022**
- 5. Interim Financial Statements: September 30, 2022**

Action: Eusebio Morales made a motion to approve the Consent Agenda for the Lake Worth Beach General Employees' Pension Plan as presented. The motion received a second from Wayne Lewis.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

B. Police Retirement Board:

- 1. Warrants for Accounts Payable: November 1, 2022**
- 2. Interim Financial Statements: September 30, 2022**

Action: Charles Ferry made a motion to approve the Consent Agenda for the Lake Worth Beach Police Officers' Pension Plan as presented. The motion received a second from Lonney Moral.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

C. Employees' and Police Retirement Board

1. Quarterly Joint Board Meeting Minutes: November 1, 2022

Action: Eusebio Morales made a motion on behalf of the General Employees' Pension Fund to approve the Joint Quarterly Board Meeting Minutes Dated November 1, 2022, as presented. The motion received a second from Wayne Lewis.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: Charles Ferry made a motion on behalf of the Police Officers' Pension Fund to approve the Joint Quarterly Board Meeting Minutes Dated November 1, 2022, as presented. The motion received a second from Lonney Moral.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

VIII. PUBLIC COMMENTS:

No members of the public had any comment for the Boards.

IX. ADJOURNMENT:

There being no further business, the meeting workshop for the Employees Retirement System ended at 12:45 PM.

Action: Wayne Lewis made a motion for the Lake Worth Beach General Employees' Pension Plan Board Meeting to Adjourn at 12:45PM. The motion received a second from Eusebio Morales.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: Mayor Betty Resch made a motion to for the Lake Worth Beach Police Officers' Pension Plan Board Meeting to Adjourn at 12:45PM. The motion received a second from Charles Ferry.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Evanna Stephenson, Chair Employees' Retirement Board

Christopher Johnson, Chair Police Officers' Retirement Board