

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD VIA VIDEO CONFERENCE ON
TUESDAY MAY 7, 2024, 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 11:41 AM.

Those persons present included:

Trustees:	Evanna Stephenson, Chair	Others:	Albert Lovingood (Resource Centers)
	Eusebio Morales		Madison Levine, Attorneys (Sugarman & Susskind)
	Wayne Lewis		Brad Hess, Consultant (Mariner)
	Mayor Betty Resch		Nicholas Lahaye, Actuary (GRS)
	Yannick Ngendahayo		

B. Police Retirement Board:

Yannick Ngendahayo called the meeting to order for the Police Officers Retirement System Board at 11:41 AM.

Those persons present included:

Trustees: Vaughn Mitchell
Lonney Moral
Mayro Betty Resch
Yannick Ngendahayo

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:

VI. NEW BUSINESS:

A. Employees' Retirement Board:

1. Phillip Johnson – 2010 Frozen Benefit

Member, Phillip Johnson came before the Board to express his understanding of how the 2010 Frozen Pension Benefit was to be calculated upon retirement. Mr. Johnson informed the Board of Trustees when this benefit was agreed upon between the City and Union, nobody was told that that the Final Two-Year Average was limited to pensionable pay prior to October 1, 2010. A lengthy and detailed conversation between Mr. Johnson, the Board of Trustees, and Plan Attorney ensued, resulting in a review of the Plan Ordinance. This review resulted in the confirmation that the 2010 Frozen Pension Benefit has been calculated correctly.

B. Police Retirement Board:

1. Police Officers

Nicolas Lahaye came before the Board of Trustees to present the 2023 Actuarial Valuation Report and reported the following: The Lake Worth Beach Police Officers' Pension Fund has been closed to new members since 2008. This closure results in a trend where the annual payment on the unfunded accrued liability increases as a percentage of covered payroll due to the shrinking payroll base. For the fiscal year ending September 30, 2025, the required employer contribution is projected at \$3,798,123, which is 472.20% of covered payroll, an increase from 410.78% in the previous year. The revisions in the Plan's Assumed Rate of Return were reviewed in detail with Mr. Lahaye noting that the reduction in the Assumed Rate of Return from 6.55% to 6.50% contributed to an increase in the required employer contribution by \$28,554. Despite these adjustments, the Plan experienced a net actuarial loss of \$899,710 for the year, primarily due to lower-than-expected returns on assets, and the funded ratio improved slightly to 75.5% from 71.9% the previous year. All these factors resulted in an Unfunded Accrued Liability of \$11,700,014. Mr. Lahaye then reviewed a new required section in the Actuarial Valuation Report called the Low-Default-Risk Obligation Measure, or LDROM. The LDROM is a calculation that shows what would be required for the Plan to purchase a Low-Default-Risk Obligation to fund the Plan's Pension Payment obligations such as an annuity. Mr. Lahaye concluded his presentation by reviewing the Amortization Schedule in detail with the Board along with the historical Actuarial Gains and Losses of the Plan. The Board of Trustees had a discussion with Mr. Lahaye regarding the Assumed Rate of Return

Action: Lonney Moral made a motion to accept the 2023 Lake Worth Beach Police Officers' Pension Fund Actuarial Valuation Report as presented. The motion received a second from Yannick Ngendahayo.

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

Action: Yannick Ngendahayo made a motion that the Lake Worth Beach Police Officers' Pension Fund expects to earn an Assumed Rate of Return of 6.50% for the short-term, midterm, and long-term thereafter. The motion received a second from Lonney Moral.

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

C. Employees' and Police Retirement Boards:

2. Investment Consultant: Quarterly Performance Report

Brad Hess presented the Lake Worth Beach General Employees' Pension Fund and Lake Worth Beach Police Officers' Pension Fund Quarterly Performance Reports Dated March 31, 2024, and reported the following: During the first quarter of 2024, the domestic equity markets showed strong performance, continuing the momentum from late 2023. The S&P 500 Index rose by 10.6%, driven by optimism regarding potential rate cuts by the Federal Reserve later in the year. International equities also posted gains, though somewhat moderated by the strengthening US Dollar. The fixed income market experienced a slight decline, with the Bloomberg US Aggregate Bond Index returning -0.8% for the quarter, affected by persistent inflation concerns and stable interest rates

The Lake Worth Beach General Employees' Pension Fund had a total fund value of \$80,128,267 on March 31, 2024, which is up from the December 31, 2023, Portfolio balance of \$77,902,246, reflecting a solid performance across various asset classes. Mr. Hess reviewed the Plan's Asset Allocations and Compliance in detail with the Board, noting that he does not see a need to rebalance the Fund at this time. For the Quarter ending March 31, 2024, the Plan earned a net 5.14%, which outperformed the benchmark rate of 5.29%. The Fiscal-Year-To-Date returns were a net 12.06%, compared to the benchmark rate of 13.81%. The Three-Year Trailing Returns were a net 3.04%, which trailed behind the benchmark rate of 5.10. The Five-Year net returns were 7.63%, compared to the benchmark rate of 8.98%, and since inception, the Plan has earned a net 7.98%, trailing the benchmark rate of 8.45%. Brandywine Dynamic Value and Fred Alger Large Cap Growth showed strong returns, particularly the latter with a one-year return of 46.59%. The fixed income segment, managed primarily by Richmond Capital, also performed well, meeting or exceeding benchmark returns over the trailing three- and five-year periods.

The Lake Worth Beach Police Officers' Pension Fund had a total fund value of \$47,415,789, which is up from the \$47,415,789 starting Fund Balance at the close of December 31, 2023. Mr. Hess reviewed the Plan's Asset Allocations and Compliance in detail with the Board, noting that he does not see a need to rebalance the Fund at this time. For the Quarter ending March 31, 2024, the Plan earned a net 5.31%, which outperformed the benchmark rate of 4.82%. The Fiscal-Year-To-Date returns were a net 12.41%, compared to the benchmark rate of 13.05%. The Three-Year Trailing Returns were a net 3.06%, which trailed behind the benchmark rate of 5.47%. The Five-Year net returns were 7.54%, compared to the benchmark rate of 9.14%, and since inception, the Plan has earned a net 7.72%, trailing the benchmark rate by 0.69%. The domestic equity segment showed the highest returns, with significant contributions from Brandywine Dynamic Value (13.4%) and Alger Capital Appreciation Fund Z (9.8%). The total fund (net) achieved a quarterly return of 5.31%, outperforming the total fund policy benchmark by 0.49%. However, the fund slightly underperformed the benchmark over the fiscal year-to-date and one-year periods, highlighting areas for potential strategic adjustments.

Both Boards and Mr. Hess then discussed the Plans' Real Estate Investments in detail along with the current distribution cues and the anticipated timing of when those requests will start to be filled. Mr. Hess informed the Police Officers' Pension Board that he

Action: Yannick Ngendahayo made a motion to accept the Mariner Quarterly Investment Report Dated March 31, 2024, as presented. The motion received a second from Mayor Betty Resch.

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

Action: Yannick Ngendahayo made a motion to accept the Mariner Quarterly Investment Report Dated March 31, 2024, 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

Plan Attorney, Madison Levine reminded both Boards that their Form 1 Filing is due July 1, 2024, and that they are to file their Form 1 directly through the State Commission on Ethics Website as they will not be accepted by County Elections Office.

E. ADMINISTRATOR REPORT:

Plan Administrator, Albert Lovingood informed the Board that for Richard Collier, the City had reported his termination date to the Plan as July 9, 2022; however, the Letter of Termination received by Mr. Collier from

the Human Resources Department lists a Termination Date of January 1, 2023. Mr. Lovingood informed the Board that for the Non-Duty Disability Pension calculation, The Termination Date that will be used will be January 1, 2023. Mr. Lovingood noted that with looking at the member's file, termination Date of July 9, 2022, appears to be a result of that date being the last payroll file received for Mr. Collier.

VII. CONSENT AGENDA:

A. Employees' Retirement Board:

1. Warrants for Accounts Payable: May 7, 2024
2. Warrants for Accounts Payable: March 5, 2024
3. Benefit Approvals: May 7, 2024
4. Benefit Approvals: March 5, 2024
5. Interim Financial Statements: March 5, 2024

B. Police Retirement Board:

1. Warrants for Accounts Payable: February 6, 2024
2. Interim Financial Statements: February 28, 2024

C. Employees' and Police Retirement Board

1. Quarterly Joint Board Meeting Minutes: February 6, 2024

Action: Yannick Ngendahayo made a motion on behalf of the General Employees' Pension Fund to approve the Consent Agenda, as presented. The motion received a second from Mayor Betty Resch.

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

Action: Yannick Ngendahayo made a motion on behalf of the Police Officers' Pension Fund to approve the Consent Agenda, 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 either Board.

IX. ADJOURNMENT:

There being no further business, both Board Meetings ended at 1:18 PM.

Action: Yannick Ngendahayo made a motion for the Lake Worth Beach General Employees' Pension Plan Board Meeting to Adjourn at 1:18PM. The motion received a second from Mayor Betty Resch.

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

Action: Lonney Moral made a motion to for the Lake Worth Beach Police Officers' Pension Plan Board Meeting to Adjourn at 1:18PM. The motion received a second from Vaughn Mitchell.

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

Evanna Stephenson, Chair Employees' Retirement Board

Christopher Johnson, Chair Police Officers' Retirement Board