

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD  
AND POLICE RETIREMENT BOARD MEETING  
HELD VIA VIDEO CONFERENCE ON  
TUESDAY MAY 2, 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 11:37 AM.

Those persons present included:

Trustees:	Evanna Stephenson, Chair	Others:	Scott Baur and Albert Lovingood (Resource Centers)
	Eusebio Morales		Madison Levine, Attorney (Sugarman & Susskind)
	Mayor Betty Resch		Dan Johnson, Consultant (AndCo)
			Nicolas Lahaye (GRS)

**B. Police Retirement Board:**

Christopher Johnson called the meeting to order for the Police Officers Retirement System Board at 11:37 AM.

Those persons present included:

Trustees: Christopher Johnson, Chair  
Charles Ferry  
Lonney Moral  
Mayro 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 Change**

Plan Attorney Madison Lavine presented both Boards with resolutions amending the DROP Interest Rate from being based on the LIBOR Rate to being 1% below The Assumed Rate of Return. Both Board reviewed the Resolutions in detail.

Action: Mayor Betty Resch made a motion to accept the General Employees' Resolution Amending DROP Interest Rate as presented. The motion received a second from Eusebio Morales.

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

Action: Mayor Betty Resch made a motion to accept the Police Officers' Resolution Amending DROP Interest Rate as presented. The motion received a second from Charles Ferry.

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

**VI. NEW BUSINESS:**

**A. Employees' Retirement Board:**

**B. Police Retirement Board:**

**1. GRS 2022 Actuarial Valuation Report**

Mr. Lahaye appeared before the Board to present the Actuarial Valuation Report as of October 1, 2022. Mr. Lahaye reviewed contribution requirements for FY2024. He noted the City's total contributions decreased to \$3,663,288 from 3,668,163. The assumed investment return has been reduced by 0.15% from 6.70% to 6.55% and the assumption will be reduced to 6.50% next year. The Plan had a net actuarial experience gain of \$740,473 for the year which means that actual experience was more favorable than expected. The gain is primarily due to a favorable benefits-weighted mortality experience among inactive members. The gross return on the market value of assets during the year was -13.9%. Mr. Lahaye reported there is no COLA payable on June 1, 2023, due to the Plan has a cumulative experience loss. He further reported the funded ratio was 71.90% this year versus 66.40% last year. Mr. Lahaye concluded his presentation by reviewing the liabilities, assumptions for valuation, and asset smoothing, along with the Plan's history and funding process, noting that the assets are gradually catching up to liabilities.

Action: Charles Ferry made a motion to accept the Lake Worth Beach Police Officers' Pension Fund Actuarial Valuation Report Dated October 1, 2022, as presented. The motion received a second from Lonney Moral.

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

Action: Charles Ferry made a motion that the Board expects to receive a 6.55% Assumed Rate of Return for the next year, next several years, and for the 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:**

**1. Investment Consultant: Quarterly Performance Report**

Dan Johnson presented the Lake Worth Beach General Employees' Pension Fund Quarterly Performance Report Dated March 31, 2023. Mr. Johnson started his presentation by reviewing the performance as of March 31, 2023, stating that the market sectors posted gains for the quarter; however, the market is still down for the trailing one-year period. Growth performed better than Value for the quarter and short-term interest rates increased substantially, although long-term rates dropped some. Mr. Johnson then reviewed the inverted yield curve in detail with both Boards, noting that it is a possible indicator of a looming recession. Yields have decreased enough for bonds to contribute to overall performance. Assets outperformed the benchmark over time, with current asset allocations in line with policy targets. Mr. Johnson did not make any recommendations to rebalance either fund. As of March 31, 2023, The Lake Worth Beach General Employees Pension Fund ended the quarter with \$72,907,605 and The Lake Worth Beach Police Officers Pension Fund ended the quarter with \$37,831,847. Mr. Johnson then reviewed changes to asset allocation over time in detail with each Board.

Mr. Johnson then reported that the Lake Worth Beach General Employees' Pension Fund had a net return of 3.43% for the quarter compared to the benchmark rate of 5.12%. The trailing one-year return was -5.26% compared to the benchmark rate of -4.94%, and the five-year trailing returns were 6.68% compared to the benchmark rate of 7.09%. The Lake Worth Beach Police Officers' Pension Fund had a net return of 3.42% compared to the benchmark rate of 5.12%, the one-year trailing returns were -5.68%, beating the benchmark rate of -5.99%, and the five-year trailing returns were 6.37% compared to the benchmark rate of 7.10%. The individual Investments were reviewed in detail with both Board and Mr. Johnson noted that the Plans allocated 15% of their assets in real estate, which has contributed significantly to both Plan's long-term results; however, real estate has had losses for the quarter ending December 31, 2023 and March 31, 2023. Mr. Johnson concluded his presentation by reviewing the recent diversifications made in the international investment sector.

Action: Eusebio Morales made a motion to accept the AndCo Quarterly Investment Report Dated March 31, 2023, 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 March 31, 2023, 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**

Attorney Madison Levine informed both Boards that the legislature passed House Bill 3, which limits the Boards to consider only pecuniary factors when investing Plan assets. Ms. Levine stated that both Boards will need to file a new comprehensive and detailed report no later than December 15, 2023; however, the State has not defined the new reporting requirements. Ms. Levine stated that she would update the Boards as more information regarding this report becomes available.

Ms. Levine reminded both Boards of the Annual Form 1 Filing, noting that the deadline for Trustees to submit their Form 1 is July 1, 2023.

#### **E. ADMINISTRATOR REPORT:**

##### **1. Terminated Non-Vested Rehire**

Mr. Baur and Mr. Lovingood informed the Board that the City of Lake Worth Beach has two terminated members who could possibly be rehired. Mr. Baur reviewed the Plan Ordinance language that addresses a terminated member who is rehired; however, it was pointed out that the Ordinance does not address the Cash Balance Plan that went into effect October 1, 2018, for new hires. One potential rehire has not taken a refund of contributions and the other potential rehire has taken a refund of contributions. The Trustees and Plan Administrators discussed the Plan Ordinance in detail with regards to the rehire and Cash Balance Plan sections which resulted in the agreement that the prior service would be treated as a frozen benefit.

**2. Investment Manager and Custodial Bank Authorized Signor Updates**

Mr. Lovingood informed the Boards that he has updated Investment Manager and Custodial Bank Authorized Signor Card Updates due to the recent change in Trustees for both Plans and requested that everyone see him to sign these documents before they leave.

**3. Non-Duty Disability Application – Update**

Mr. Lovingood provided the General Employees' Pension Fund with an update on the Non-Duty Disability Application submitted by Richard Colier. Mr. Lovingood stated that he was able to meet with the member to complete the incomplete sections of the disability application.

**4. Lake Worth Beach Police Officers' Administrative Budget**

Mr. Lovingood presented the Lake Worth Beach Police Officers' Pension Fund with the Administrative Expense and Fiscal-Year 2024 Budget for review and approval.

Action: Charles Ferry made a motion to approve the Lake Worth Beach Police Officers' Pension Fund Administrative Expense Report and Fiscal-Year 2024 Budget as presented. The motion received a second from Lonney Moral.

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

**5. Trustee Reimbursements**

The Trustee Reimbursement guidelines were reviewed in detail with both Boards. A discussion arose regarding meals provided at the Trustee Schools and Conferences along with the possible dietary limitations of some members.

**VII. CONSENT AGENDA:**

**A. Employees' Retirement Board:**

1. **Warrants for Accounts Payable: March 7, 2023**
2. **Warrants for Accounts Payable: May 2, 2023**
3. **Benefit Approvals: May 2, 2023**
4. **Interim Financial Statements: March 31, 2023**

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 Mayor Betty Resch.

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

**B. Police Retirement Board:**

1. **Warrants for Accounts Payable: May 2, 2023**
2. **Interim Financial Statements: March 31, 2023**

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: February 2, 2023**

Action: Eusebio Morales made a motion on behalf of the General Employees' Pension Fund to approve the Joint Quarterly Board Meeting Minutes Dated February 2, 2023, as amended. The motion received a second from Mayor Betty Resch.

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 February 2, 2023, as amended. 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: Eusebio Morales a motion for the Lake Worth Beach General Employees' Pension Plan Board Meeting to Adjourn at 12:45PM. The motion received a second from Mayor Betty Resch.

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

Action: Charles Ferry made a motion to for the Lake Worth Beach Police Officers' Pension Plan Board Meeting to Adjourn at 12:57PM. The motion received a second from Lonney Moral.

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

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Evanna Stephenson, Chair Employees' Retirement Board

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Christopher Johnson, Chair Police Officers' Retirement Board

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 February 2, 2023, as amended. 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:**

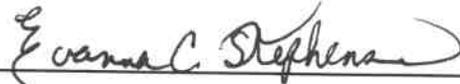
There being no further business, the meeting workshop for the Employees Retirement System ended at 12:45 PM.

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

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

Action: Charles Ferry made a motion to for the Lake Worth Beach Police Officers' Pension Plan Board Meeting to Adjourn at 12:57PM. The motion received a second from Lonney Moral.

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



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Evanna Stephenson, Chair Employees' Retirement Board

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Christopher Johnson, Chair Police Officers' Retirement Board