

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD VIA VIDEO CONFERENCE ON
TUESDAY FEBRUARY 1, 2022, at 11:30 AM**

I. ROLL CALL: 11:32 AM

A. Employees' Retirement Board:

Evanna Stephenson called the meeting to order for the Employees' Retirement System Board at 11:38 AM in workshop mode due to there not being a physical quorum present.

Those persons present included:

Trustees:	Evanna Stephenson, Chair	Others:	Scott Baur and Albert Lovingood (Resource Centers)
	Bruce Miller		Ken Harrison, Attorney (Sugarman & Susskind)
	Mayor Betty Resch		Tim Nash and Brad Hess, Consultants (AndCo)
			Jack Evatt, Consulting Director (AndCo)

B. Police Retirement Board:

Christopher Johnson called the meeting to order for the Police Officers Retirement System Board at 11:38 AM.

Those persons present included:

Trustees: Christopher Johnson
Charles Ferry
Bruce Miller
Mayor Betty Resch

II. PLEDGE OF ALLEGIANCE

All in attendance said the Pledge of Allegiance.

III. EXTRAORDINARY CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY

All trustees 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: Bruce Miller made a motion to accept the 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 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:

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 he did not encounter any difficulties and reported a clean unmodified opinion for the Plan's Audit. The fiduciary net position increased from \$73,547,600.00 to \$83,097,734.00 in 2021, which resulted in a gain of \$9,550,134.00. Benefit payments decreased by about \$1,000,000.00 or 10%, primarily due to fewer DROP distributions. Contributions increased moderately, but investment gains accounted for most of the increase. Mr. Leventhal then reviewed the administrative expenses of the Plan, noting that the total expenses for Fiscal Year 2021 totaled to \$124,254.00 and that actuarial expenses decreased. Mr. Baur noted that the administrative expenses are 15 basis points of the Plan's assets, which is very efficient. Mr. Leventhal then reviewed The Management Letter with the Board in detail and Mr. Baur asked that the 5/5/5 Plan be included in the descriptions for either this audit or next year's audit.

Action: Bruce Miller made a motion to accept the 2021 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: Bruce Miller 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.

Eric Leventhal presented the Board with the Draft Audit Report for the Lake Worth Beach Police Officers' Pension Fund. Mr. Leventhal reported that he did not encounter any difficulties and reported a clean unmodified opinion for the Plan's Audit. The fiduciary net position increased from \$36,264,199.00 to \$41,545,013.00 in 2021, which resulted in a gain of \$5,280,814.00. Contributions increased about 17%, however the majority of the increase resulted from investment gains. Benefit payments increased to \$5,136,115.00 due to an increase in DROP and Share distributions. The Administrative expenses for Fiscal Year 2021 totaled to \$97,52.00 and remained virtually unchanged. Mr. Baur noted that the administrative expenses are 23 basis points of the Plan's assets, which is very efficient. Mr. Leventhal concluded his presentation by reviewing The Management Letter in detail with the Board.

Action: Charles Ferry made a motion to accept the 2021 Lake Worth Beach Police Officers' Pension Fund Annual Audit as presented. The motion received a second from Bruce Miller.

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 Bruce Miller.

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

2. Investment Consultant: Quarterly Performance Report

Tim Nash reported to both Boards that he will be leaving AndCo and work for Intercontinental. Brad Hess was then introduced to both Boards, noting that Mr. Hess has a background in both, a Research Analyst, and Investment Consultant. Jack Evatt, Consulting Director at AndCo also joined the Meeting and introduced himself to both Boards. Mr. Nash's last day with AndCo will be March 31, 2022. Mr. Hess introduced himself to the Boards and reviewed his background in detail, noting that he has an MBA and a CFA and that his family includes many public safety officers. Mr. Hess went on and reported that AndCo now advises over \$123 Billion in total assets, AndCo's investing in firm capabilities, along with Brian Green and Kerry Richardville being added as partners to the Firm.

Mr. Hess presented the Lake Worth General Employees' Pension Fund Quarterly Performance Report Dated December 31, 2021. Mr. Hess started his presentation by reviewing the markets as of December 31, 2021 with the Board, noting that the quarter continued to post gains. Assets increased to \$84,039,843.00 for the General Employees' Pension Plan, a gain of 4.7% gross, 4.45% net of fees, outperforming the benchmark rate of 3.7%, and the Plan ranked in the top 32% of its peers. Mr. Hess then reviewed the asset allocations, noting that the Plan is underweight in fixed income and overweight in real estate; however, the Plan is within the investment policy guideline ranges and did not recommend any rebalancing at this time. Mr. Hess concluded his presentation of the General Employees' Performance Report with reviewing the Plan's real estate investments in detail with the Board.

Mr. Hess then presented the Quarterly Performance Report for the Lake Worth Beach Police Officers' Pension Fund Quarterly Performance Report Dated December 31, 2021. Mr. Hess stated that the Fund's assets increased to 42,100,535.00 as of December 31, 2021, a gain of 4.23% gross, 4.14% net compared to the benchmark rate of 5.7%. Managers tended to perform under the indices due to specific holding underweighted, such as Amazon and Tesla. The overall portfolio gained 12.36% net for the 2021 calendar year. Mr. Hess then reviewed the individual managers performance in detail with the Board, noting that the global tactical asset allocation funds and the real estate funds helped with broad gains from high quality fixed income holdings. Real estate holdings gained 23% overall for the calendar year. Mr. Hess concluded his presentation by noting that the General Employees' Plan's investment fees is at 53 basis points, and the Police Officers' Pension Plan's investment fees is at 66 basis points, expressing that the costs are very efficient in relation to overall plan assets.

Tim Nash recommended a change to the Investment Policy Statements, since the City changes the language restricting fixed income investments. The Plans can now buy investment grades BBB or higher, when in the past the Plans were restricted to investment grades A or higher. Bruce Miller inquired whether such bonds would be insured. The Policy Language directly references the ordinance language. Mr. Nash reviewed the manager addendum for Richmond Capital and reviewed detailed limits that apply to this fixed income manager. Mr. Nash noted that the updated policy also allows for an allocation to core and non-core fixed income alternatives. Mr. Nash recommended an increase to the real estate target allocation as well. The policy references the Assumed Rate of Return for the valuation. The Boards and Mr. Nash had a detailed conversation regarding the proposed changes to the Investment Policy Statements.

Action: Bruce Miller made a motion to accept the Lake Worth Beach General Employees' Pension Fund Quarterly Performance Report Dated December 31, 2021 as presented. The motion received a second from Mayor Betty Resch.

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

Action: Bruce Miller made a motion to approve the Lake Worth Beach General Employees' Pension Fund Investment Policy Statement 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 Lake Worth Beach Police Officers' Pension Plan Quarterly Performance Report Dated December 31, 2021 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 Lake Worth Beach Police Officers' Pension Plan Investment Policy Statement as presented. The motion received a second from Mayor Betty Resch.

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

D. Board Attorney's Report:

Attorney Report – Ken Harrison, Sugarman & Susskind

Attorney Ken Harrison informed the Boards that his firm continues to monitor bills filed in legislation that may affect the local Pension Plans and Mr. Harrison introduced his colleague Caroline Quill to the Boards who assists him with both Pension Plans.

Mr. Harrison reviewed the Summary Plan Descriptions for the General Employees' Pension Plan, noting that they did not have a quorum at the last Joint Board Meeting.

Action: Bruce Miller made a motion to approve the Lake Worth Beach General Employees' Pension Fund Summary Plan Description as presented. The motion received a second from Mayor Betty Resch.

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

E. ADMINISTRATOR REPORT:

Mr. Baur reported that the three candidates ran for the open Trustee Seat of the General Employees' Pension Board and none of the three candidates received over 50% of the submitted ballots. This resulted in a runoff election between Joanne D. Gill of the Water Utilities Department and Eusebio Morales of the Water Treatment Plant. The Run-off Ballots were mailed out yesterday and will be counted on Monday, February 14, 2022.

VII. CONSENT AGENDA:

A. Employees' Retirement Board:

1. **Warrants for Accounts Payable: February 1, 2022**
2. **Warrants for Accounts Payable: November 2, 2021**
3. **Warrants for Accounts Payable: September 7, 2021**
4. **Benefit Approvals: February 1, 2022**
5. **Benefit Approvals: November 2, 2021**
6. **Benefit Approvals: September 7, 2021**
7. **Interim Financial Statements: December 31, 2021**
8. **Quarterly Joint Board Meeting Minutes: August 3, 2021**

Action: Bruce Miller 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: February 1, 2022**
2. **Benefit Approvals: February 1, 2022**
3. **Interim Financial Statements: December 31, 2021**

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 Mayor Betty Resch.

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

C. Employees' and Police Retirement Board

- a. **Quarterly Joint Board Meeting Minutes: November 2, 2021**

Action: Bruce Miller made a motion to approve the Joint Quarterly Board Meeting Minutes Dated November 2, 2021 as amended. The motion received a second from Mayor Betty Resch.

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

VIII. PUBLIC COMMENTS:

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

IX. ADJOURNMENT:

Bruce Miller thanked Tim Nash and AndCo for their service to both Pension Plans.

There being no further business, the meeting workshop for the Employees Retirement System ended at 12:56 PM.

Action: Bruce Miller made a motion for the Lake Worth Beach General Employees' Pension Plan Board Meeting to Adjourn at 12:56PM. 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 12:56PM. The motion received a second from Mayor Betty Resch.

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

Evanna Stephenson, Chair Employees' Retirement Board

Christopher Johnson, Chair Police Officers' Retirement Board

Action: Bruce Miller 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: February 1, 2022
2. Benefit Approvals: February 1, 2022
3. Interim Financial Statements: December 31, 2021

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 Mayor Betty Resch.

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

C. Employees' and Police Retirement Board

- a. Quarterly Joint Board Meeting Minutes: November 2, 2021

Action: Bruce Miller made a motion to approve the Joint Quarterly Board Meeting Minutes Dated November 2, 2021 as amended. The motion received a second from Mayor Betty Resch.

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

VIII. PUBLIC COMMENTS:

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

IX. ADJOURNMENT:

Bruce Miller thanked Tim Nash and AndCo for their service to both Pension Plans.

There being no further business, the meeting workshop for the Employees Retirement System ended at 12:56 PM.

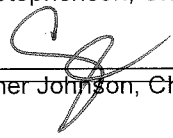
Action: Bruce Miller made a motion for the Lake Worth Beach General Employees' Pension Plan Board Meeting to Adjourn at 12:56PM. The motion received a second from Mayor Betty Resch.

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 12:56PM. The motion received a second from Mayor Betty Resch.

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


Evanna Stephenson, Chair Employees' Retirement Board


Christopher Johnson, Chair Police Officers' Retirement Board