

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD VIA VIDEO CONFERENCE ON
TUESDAY AUGUST 2, 2022, at 11:30 AM**

I. ROLL CALL: 11:32 AM

A. Employees' Retirement Board:

Evanna Stephenson called the meetings to order for the Employees' Retirement System Board at 11:31 AM.

Those persons present included:

Trustees: Evanna Stephenson, Chair
Bruce Miller
Eusebio Morales
Wayne Lewis

Others: Scott Baur and Albert Lovingood (Resource Centers)
Ken Harrison and Madison Levine, Attorneys (Sugarman &
Susskind)
Brad Hess, Consultant (AndCo)
Sharon Gostnell
Nichola Bohannon

B. Police Retirement Board:

Christopher Johnson called the meeting to order for the Police Officers Retirement System Board at 11:31 AM.

Those persons present included:

Trustees: Christopher Johnson
Charles Ferry
Lonney Moral

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 General Employees' Meeting Agenda as presented. The motion received a second from Eusebio Morales.

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

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

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

VI. UNFINISHED BUSINESS:

A. Employees' Retirement Board:

1. DROP Account Interest Rate

Plan Administrator, Scott Baur provided the Board with a historical background to the DROP and the current discussion to address the DROP Fixed Interest Rate of LIBOR + 1%. Plan Attorney, Ken Harrison explained the LIBOR Rate to the Board in detail, noting that it is used by banking institutions and serves as a globally accepted key benchmark interest rate that indicates borrowing costs. Mr. Harrison went on and stated that the Police Officers' Pension Plan has the same fixed rate provisions as the General Employees' Pension Plan and informed the Board that as a benefit change, either party can submit the matter to collective bargaining. Mr. Baur explained the Floating Fixed Rate Earnings Credit Method to the Board in detail, with Mr. Harrison stating that the Plan must offer a fixed rate for DROP Accounts. Trustee Bruce Miller stated that he would consider the earnings credit rate in collective bargaining.

Action: Bruce Miller made a motion to notify the City Manager to open collective bargaining and consider a fixed rate between 0% and the Actuarial Assumed Rate of Return less 1%. The motion received a second from Eusebio Morales.

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

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. Investment Consultant: Quarterly Performance Report

Mr. Hess presented the Lake Worth Beach General Employees' Pension Fund Quarterly Performance Report Dated June 30, 2022. Mr. Hess started his presentation by reviewing the markets as of June 30, 2022 with the Board, noting that the markets had a tough quarter with the S&P500 down 16.1% and fixed income experiencing the worst quarter in nearly 50 years. Inflation is the highest since 1981, with the Federal Reserve Board aggressively raising interest rates and reducing the Fed balance sheet. Two consecutive quarters of negative GDP growth typically defines a recession, yet employment remains strong at 3.6% and consumer spending continues. The S&P declined as much as 24% in the month of June, with a 23% decline being typical in a recession. The market gained 9.1% in July; however, the data has not really changed yet.

The Lake Worth Beach General Employees' Retirement System had total assets of \$72,351,013 as of June 30, 2022, down from \$80,002,414 on March 31, 2022. The Real Estate Allocation gained 30% in 12 months, increasing the allocation to 15%. Mr. Hess recommended that the Plan rebalance by reducing the Real Estate Holdings. The General Employees assets returned -9.61% compared to the benchmark rate of -11.33% and finished in the top 33% of the Plan's peers.

Action: Bruce Miller made a motion based on the recommendation of the Investment Monitor to rebalance the Lake Wroth

Beach General Employees' Retirement System investments by selling 1% of the ARA Real Estate Fund and 1% of the Intercontinental Real Estate Fund. The motion received a second from Eusebio Morales.

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

Action: Bruce Miller made a motion based on the recommendation of the Investment Monitor to rebalance the Lake Wroth Beach Police Officers' Retirement System investments by selling 2% of the ARA Real Estate Fund. The motion received a second from Charles Ferry.

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

Mr. Hess explained that the fundamentals for real estate have not yet begun to deteriorate. Industrial and residential properties remain strong, while the managers do not have many leases rolling over each year. For the Fiscal-Year-To-Date net return, the Plan earned -10.17% net of fees, compared to the benchmark rate of -10.14%, and the Plan ranked in the top 44% of its peers. The Five-Year Trailing Returns was 7.08%, beating the benchmark rate of 7.26%, and since inception, the Plan has earned 7.90%, compared to the benchmark rate of 8.23%. Mr. Hess then reviewed the asset allocations in detail with the Board.

The Police Officers' Pension Plan finished the June 30, 2022, quarter with a total asset of \$36,220,076. For the Quarter, the Plan earned -9.64% net of fees, beating the benchmark rate of -11.33%. The Fiscal-Year-To-Date net return was -10.48%, compared to the benchmark rate of -10.14%. The Five-Year Trailing Return was 6.68%, compared to the 7.27% benchmark, and since inception, the Plan has earned a net return of 7.63%, compared to the 8.18% benchmark. Mr. Hess then reviewed the asset allocations in detail with the Board.

Mr. Hess then reviewed the recent diversification into the Dodge & Cox International Stock Mutual Fund in detail with the Boards, noting that he is looking for a smoother ride overall with the Dodge & Cox Fund. The Dodge & Cox International Stock Mutual Fund performed better in June; however, the Fund has not done as well in the month of July as the more growth-oriented Euro Pacific Growth Fund. The Real Estate holdings gained 5.37% for the quarter and 31.37% for the trailing 12 months for the General Employees' Plan. Bruce Miller asked if the Plan could have the Investment Managers come to future meeting on a rotation basis to give the Board a more in-depth update on how their funds are doing, which Mr. Hess stated that it could be done if the Boards wish. Mr. Hess concluded his presentations by reviewing the Plans compliance checklist in detail.

Action: Bruce Miller made a motion to accept the Lake Wroth Beach General Employees' Retirement System Quarterly Performance Report dated June 30, 2022, as presented. The motion received a second from Eusebio Morales.

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

Action: Bruce Miller made a motion to accept the Lake Wroth Beach Police Officers' Retirement System Quarterly Performance Report dated June 30, 2022, as presented. The motion received a second from Charles Ferry.

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

D. Board Attorney's Report:

Attorney Report – Ken Harrison, Sugarman & Susskind

Attorney Ken Harrison introduced Madison Levine to both Boards and noted that Ms. Levine will be assisting him with both Pension Plans. Mr. Harrison then informed both Boards that nothing has changed during the recently ended legislative session.

Mr. Harrison welcomed Wayne Lewis to the General Employees' Pension Board and informed Mr. Lewis of the initial Form 1 that he needs to file with the County Supervisor of Elections.

Mr. Harrison reviewed Wolf Popper to both Pension Boards and explained that they are a class action securities monitoring firm. Trustee Bruce Miller inquired about trading and execution on separate account managers. Ken stated that AndCo does not specifically monitor for executions.

E. ADMINISTRATOR REPORT:

1. 2022 Audit engagement Letters

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.

Action: Bruce Miller made a motion to approve the 2022 KSDT Audit Engagement Letter as presented for the Lake Worth Beach General Employees' Retirement System. The motion received a second from Eusebio Morales.

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

Action: Bruce Miller made a motion to approve the 2022 KSDT Audit Engagement Letter as presented for the Lake Worth Beach Police Officers' Retirement System. The motion received a second from Charles Ferry.

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

2. Authorized Signers

Mr. Lovingood informed the Board that he still needs signatures from a few Trustees

VII. CONSENT AGENDA:

A. Employees' Retirement Board:

- 1. Warrants for Accounts Payable: June 7, 2022**
- 2. Warrants for Accounts Payable: August 2, 2022**
- 3. Benefit Approvals: June 7, 2022**
- 4. Benefit Approvals: August 2, 2022**
- 5. Interim Financial Statements: June 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 Bruce Miller.

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

B. Police Retirement Board:

- 1. Warrants for Accounts Payable: August 2, 2022**
- 2. Interim Financial Statements: June 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 Bruce Miller.

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

C. Employees' and Police Retirement Board

a. Quarterly Joint Board Meeting Minutes: May 3, 2022

Action: Bruce Miller made a motion on behalf of the General Employees' Pension Fund to approve the Joint Quarterly Board Meeting Minutes Dated May 3, 2022, as presented. The motion received a second from Eusebio Morales.

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

Action: Bruce Miller made a motion on behalf of the Police Officers' Pension Fund to approve the Joint Quarterly Board Meeting Minutes Dated May 3, 2022, as presented. The motion received a second from Charles Ferry.

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 1:12 PM.

Action: Bruce Miller made a motion for the Lake Worth Beach General Employees' Pension Plan Board Meeting to Adjourn at 1:12PM. The motion received a second from Eusebio Morales.

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

Action: Bruce Miller made a motion to for the Lake Worth Beach Police Officers' Pension Plan Board Meeting to Adjourn at 1:12PM. 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