

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD VIA VIDEO CONFERENCE ON
TUESDAY NOVEMBER 1, 2022, 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 11:31 AM.

Those persons present included:

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

Others: Scott Baur and Albert Lovingood (Resource Centers)
Ken Harrison and Madison Levine, Attorneys (Sugarman &
Susskind)
Brad Hess, Consultant (AndCo)
Nicholas Lahaye (GRS)

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: 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: 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:

B. Police Retirement Board:

C. Employees' and Police Retirement Board:

1. DROP Account Interest Rate

Plan Administrator, Scott Baur provided both Board with an article from the National Law Review regarding the LIBOR Rate. Attorney Ken Harrison informed the Board that the LIBOR Rate is going away in June of 2023. Mr. Harrison gave a history regarding the LIBOR Rate. The General Employees' Pension Board had already made a motion at the last Board Meeting to consider a fixed rate for the DROP Accounts that would be 1% below the Assumed Rate of Return via collective bargaining. With the LIBOR Rate going away, it is now more imperative to update both Plan Ordinances. Both Boards had a detailed discussion regarding the LIBOR Rate and the initial consideration of the General Employees' Pension Plan to base the DROP Account Interest rate on the Assumed Rate of Return. Mr. Harrison recommended that both Boards move forward with an Ordinance update to have the DROP Account Interest Rates based off of the Assumed Rate of Return minus 1%.

Action: Wayne Lewis made a motion to present the City with an Ordinance Revision to change the DROP Account Interest Rate to 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.

Action: Charles Ferry made a motion to present the City with an Ordinance Revision to change the DROP Account Interest Rate to a fixed rate between 0% and the Actuarial Assumed Rate of Return less 1%. The motion received a second from Lonney Moral.

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

VI. NEW BUSINESS:

A. Employees' Retirement Board:

1. Investment Consultant: Quarterly Performance Report

Mr. Lahaye appeared before the Board to present the Actuarial Valuation Report as of October 1, 2021. Mr. Lahaye reviewed contribution requirements for FY2023. He noted the City's total contributions decreased due to the strong investment performance for the period. The report includes the April 1, 2022, Ordinance Changes that affected the IBEW Union Members of the Plan. Contributions decreased by 1.32% of covered payroll, from 25.02% to 23.10%. The city made the required contributions for fiscal years 2021 and 2022. Mr. Lahaye then reviewed the benefit changes in detail with the Board and stated that the Board had previously reduced the Assumed Rate of Return from 7.20% down to 7.00%. Mr. Lahaye noted that the City no longer has a Defined Benefit Plan for any new hires and that the plan had a positive demographic experience from more deaths and termination, with lower than expected salary increases. The funded ratio increased to 69%, up from 63.4% on the previous Actuarial Valuation Report and was at 70.2% prior to lowering the Assumed Rate of Return and IBEW benefit changes. The Plan has a BASB funded ratio of 75.6% at market value of assets. The Retirement System had a smoothing rate of return of 10.75% on assets in 2021.

The benefits have a normal cost that is less than 3%. Mr. Lahaye reviewed the assets and funding of the Plan in detail with the Board, noting that the remaining contribution requirement will go towards the Plan's unfunded liability. The funded ratio history was then reviewed, noting that exposure to equities increased

slightly over the past two years. The Plan had a market value of \$81,441,859 as of October 1, 2021. Mr. Lahay explained the smoothing and reviewed the history of returns on assets in detail with the Board. Brad Hess explained that expectations going forward improved now that the yield on bonds has increased. Mr. Lahaya recommended that the Board continues to reduce the Assumed Rate of Return of the Plan, noting that FRS has lowered their rate to 6.70% and that with every 0.10% decrease in the Assumed Rate of Return equates to approximately an additional \$100,000 in City contributions. Mr. Lahaya concluded his presentation by informing the Board that the City does expect the contribution requirement to increase next year following this year's investment results. The board had a lengthy discussion regarding the Assumed Rate of Return and the expectations of the Plan's investment returns. Mr. Hess informed the Board that he expects to bring an asset allocation study to the next quarterly Board Meeting for the Trustees to review.

Action: Mayor Betty Resch made a motion to accept the Lake Worth Beach General Employees' Pension Fund Actuarial Valuation Report Dated October 1, 2021 as presented. The motion received a second from Evanna Stephenson.

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

Action: Evanna Stephenson made a motion that the Board expects to receive a 7.0% Assumed Rate of Return for the next year, next several years, and for the long-term thereafter. The motion received a second from Mayor Betty Resch.

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

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 September 30, 2022. Mr. Hess started his presentation by reviewing the markets, stating that in October, the market gained 8%, with the Dow up 14%, which was the best since 1974. Unfortunately, as of September 30, 2022, markets had steep losses for the fiscal year. The S&P 500 lost -15.5% and the Bloomberg Aggregate Bond Index was down -14.6%. Mr. Hess explained to the Boards that bond prices will decrease as interest rates increase. For the quarter ending September 30, 2022, the S&P 500 index lost -4.9% and the bond aggregate lost -4.8%. The markets do expect fewer rate increases moving forward and it is expected that the increases that the Federal Reserve does issue will be at lower rate increments as inflation comes down. Oil energy and utility sectors had gains from trailing 12 months.

The Lake Worth Beach General Employees' Retirement System had total assets of \$67,695,390 as of September 30, 2022. For the quarter, the Plan earned a net -4.19%, beating the benchmark rate of -4.82%. For the fiscal year, the Plan earned -13.93%, beating the benchmark rate of -14.47%. The Five-Year returns were at 5.47%, versus the benchmark rate of 5.49%, and since inception, the Plan has earned 7.69%, compared to the benchmark rate of 7.99%. The Police Officers' Pension Plan finished the September 30, 2022, quarter with a total asset of \$34,724,233. For the Quarter, the Plan earned -4.13% net of fees, beating the benchmark rate of -4.82%. For the Fiscal Year, the Plan earned -14.18%, compared to the benchmark rate of -14.47%. The Five-Year returns were 5.11%, compared to the 5.51% benchmark, and since inception, the Plan has earned a net return of 7.42%, compared to the 7.94% benchmark. Mr. Hess then reviewed the asset allocations in detail with the Board.

Mr. Hess then reviewed the individual investments in detail with the Board, noting that Real Estate were the only investments that were in positive territory for the Fiscal Year. The asset allocations and cash flows were reviewed for both Pension Plans and Mr. Hess stated that he did not see a need to rebalance at this time. Mr. Hess concluded his presentation with informing the Board that he will bring a formal asset allocation study for the next Board Meeting for the Board to review.

Action: Evanna Stephenson made a motion to accept the Lake Worth Beach General Employees' Retirement System Quarterly Performance Report dated September 30, 2022, as presented. The motion received a second from Eusebio Morales.

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

Action: Charles Ferry made a motion to accept the Lake Worth Beach Police Officers' Retirement System Quarterly Performance Report dated September 30, 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 – Ken Harrison, Sugarman & Susskind

Attorney Ken Harrison informed the Board that with the LIBOR rate ending in 2023, both Plans will need to change that the DROP Account Interest Rates are based on.

Action: Wayne Lewis made a motion to set the DROP Account earning rate to be 1% below the Assumed Rate of Return of the Lake Worth Beach General Employees' Pension Plan. The motion received a second from Mayor Betty Resch.

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

Action: Lonney Moral made a motion to set the DROP Account earning rate to be 1% below the Assumed Rate of Return of the Lake Worth Beach Police Officers' Pension Plan. The motion received a second from Charles Ferry.

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

E. ADMINISTRATOR REPORT:

1. Resource Centers Memo – SOC 1 Audit Report

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. 2023 conference List

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. Proposed 2023 Board Meeting Dates

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

4. Lake Worth Beach Police Share Account Allocation for 10-01-2022

Mr. Baur presented the Police Officers' Pension Board the 10-01-2022 Police Share Account Allocations.

5. Authorized Signer Update

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

6. FPPTA Winter Trustee School

Mr. Baur informed the Board that the FPPTA has opened registration for the FPPTA Winter Trustee School that will be held at the end of January. Mr. Baur requested that any Trustees who wish to attend this Trustee School either notify himself or A.C. Lovingood to get registered and obtain the hotel reservation web link. Attorney Ken Harrison noted the annual education requirements for all Trustees.

7. FPPTA Fall Trustee School – Refund Status

Mr. Lovingood informed the Board that the refunds for the FPPTA Fall Trustee School have started to come in for both hotel reservations and FPPTA Registration Fees.

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: Evanna Stephenson 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: November 1, 2022**
2. **Interim Financial Statements: September 30, 2022**

Action: Lonney Moral 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: August 2, 2022

Action: Evanna Stephenson made a motion on behalf of the General Employees' Pension Fund to approve the Joint Quarterly Board Meeting Minutes Dated August 2, 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 on behalf of the Police Officers' Pension Fund to approve the Joint Quarterly Board Meeting Minutes Dated August 2, 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 1:32 PM.

Action: Wayne Lewis made a motion for the Lake Worth Beach General Employees' Pension Plan Board Meeting to Adjourn at 1:32PM. The motion received a second from Eusebio Morales.

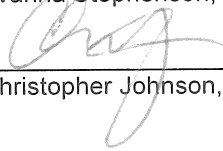
Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: Lonney Moral made a motion to for the Lake Worth Beach Police Officers' Pension Plan Board Meeting to Adjourn at 1:32PM. 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