

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF DELRAY BEACH FIREFIGHTERS' RETIREMENT FUND  
AUGUST 15, 2018**

**1. CALL TO ORDER, ROLL CALL**

Chair Giaccone called the meeting to order at 9:07 AM.

Board Members present: Chair Gregory Giaccone, Secretary Thomas Glanfield, Trustee Alan Kirschenbaum, and Trustee Craig Mahoney (departed at 11:34 AM). Members absent: Trustee Donald Uderitz. Also present: Board Attorney Bonni Jensen (Klausner, Kaufman, Jensen & Levinson), Investment Consultant Brendon Vavrica (AndCo), and Pension Administrator Lisa Castronovo.

Guests: Janice Rustin, John Mainfield, James Smith, Karen Russo, Tyler Adams, Jeffrey Amrose, Trisha Amrose

**2. AGENDA ADOPTION**

**MOTION** made by Secretary Glanfield, seconded by Mr. Mahoney, to adopt the August 15, 2018 regular Board meeting Agenda as presented. In a voice vote by the members present, **Motion** passed 4-0.

**3. COMMENTS**

- a. Public Comment  
Public comment was heard from James Smith.
- b. Members of Firefighters' Retirement System  
None.
- c. Active and Retired Members of the Plan  
None.

**4. APPROVE MINUTES**

**MOTION** made by Mr. Mahoney, seconded by Mr. Kirschenbaum, to adopt the May 16, 2018 Minutes. In a voice vote by the members present, **Motion** passed 4-0.

**5. REPORTS**

- a. AndCo – Brendon Vavrica
  - i. Portfolio Performance Review – Quarter End June 30, 2018  
Mr. Vavrica reviewed the Investment Performance Review for the period ending June 30, 2018. Mr. Vavrica noted that in the financial market at large international equity returns were down after being up and leading for the previous six – nine months while domestic growth equities dramatically outperformed value equities and fixed income returns were negative in the increasing interest rate market.  
  
Mr. Vavrica stated that the Firefighters' fund had performed well in the second quarter of 2018 with the overall return of 1.65% beating the policy return of 1.59%. Mr. Vavrica concluded by noting that in general the Fund was headed in the right direction with the new investment managers the Board had recently hired.
  - ii. July 2018 Flash Report  
Mr. Vavrica reported the Fund's net rate of return for the current fiscal year through July 31, 2018 was 6.60% compared to the policy index of 6.86% leaving the Fund in good shape to hit the assumed rate of return for the fiscal year.

- b. Klausner, Kaufman, Jensen & Levinson – Bonni Jensen  
Ms. Jensen informed the Board: 1) the State had released the 2017 state premium tax money, but the Firefighters' fund would receive about 5% less than received in the prior year; 2) Trustee Don Uderitz submitted his letter of resignation from the Board effective immediately; and 3) she needed to complete some documents to finalize the splitting of one last investment between the Firefighters and Police Officers' retirement funds.
- c. Gabriel, Roeder, Smith & Company ("GRS") – Jeffrey Amrose and Trisha Amrose  
October 1, 2017 Actuarial Valuation Report – DRAFT  
(Report made part of these Minutes)

Highlights of the October 1, 2017 Actuarial Valuation Report:

- The City's required contribution increased from \$5,403,313 for the 2017-18 fiscal year to \$5,427,656 for the 2018-19 fiscal year, a \$24,343 increase but a 2.05% decrease as a percent of payroll. Mr. Amrose reminded the Board that while the dollar amount of contributions fluctuates from year-to-year, there is typically little to no fluctuation in contributions as a percent of payroll.
- Because of the City paid excess contributions in the past, the City can apply the excess contributions to decrease future required contributions or reduce the unfunded actuarial accrued liability ("UAAL").
- There were no benefit revisions.
- The mortality assumption was revised to comply with Florida House Bill 1309 which required all Florida public pension plans to use the same mortality tables as used by Florida Retirement System.
- The Fund experienced a net actuarial gain of \$1.6M for the year meaning actual experience was more favorable than anticipated. The gain was due primarily to lower than expected salary increases but was partially offset by losses due to investment returns below the 8.0% assumed rate of return. The actuarial gain decreased the required contribution by 1.43% of covered payroll.
- The funded ratio on October 1, 2017 was 67.1% compared to 65.4% on October 1, 2016.
- The market value of assets exceeded the actuarial value of assets by \$2.4M. The excess would gradually be recognized over subsequent years resulting in a decrease in the required contribution.
- The Fund's normal cost will trend down in future years since all new hires after September 2016 have lower benefits than those hired before October 2016.
- The actuarial value of assets was calculated using method Mr. Amrose believed did not comply with actuarial standards of practice. Mr. Amrose recommended changing the method to one more widely accepted. Mr. Amrose noted that changing the method would have the affect of immediately decreasing the required contribution.

Discussion ensued regarding decreasing the assumed investment rate of return in steps from the current 8.0% to ultimately 7.0%. The Board directed Mr. Amrose to provide an analysis of various contribution amounts based on decreasing the assumed rate of return and changing the calculation of the actuarial value of assets to one accepted by common actuarial standards of practice.

d. Salem Trust Company – Karen Russo

Ms. Russo explained that Salem Trust provided complete class action services for the Fund at no cost to the Fund but such service was no longer feasible without charging a fee. Mr. Russo asked the Board to consider continuing the full class action services for a fee equal to 12% of any award won on behalf of the Fund.

**MOTION** made by Mr. Kirschenbaum, seconded by Secretary Glanfield, to continue Salem Trust's class action services for a fee of 12% of any award won on behalf of the Fund. In a voice vote by the members present, **Motion** passed 4-0.

Ms. Russo briefly reviewed Salem Trust's Service Report Summary, Electronic Communication Acknowledgment, cyber security practices, and Certificate of Liability Insurance.

e. Caler, Donten, Levine, Cohen, Porter & Veil

This Item was taken out of order. Secretary Glanfield questioned why the October 1, 2017 audit report was completed so late in the year and what could be done to ensure it would be prepared and available earlier in future years. Mr. Mainville, City of Delray Beach Accounting Manager, noted that the City encountered several issues regarding the preparation of the annual audit reports: new auditors, new actuary, the split of the City of Delray Beach Police Officers' and Firefighters' Retirement System, the splitting of the prior System's assets during the fiscal year and in the middle of a month, and the switch from a cost analysis approach to a market value analysis. Discussion continued regarding various aspects of the audit report and how to avoid some of the issues in the future.

**MOTION** made by Mr. Kirschenbaum, seconded by Mr. Mahoney, to accept the October 1, 2017 audit report as presented. In a voice vote by the members present, **Motion** passed 4-0.

f. 2017 Annual State Report

**MOTION** made by Mr. Mahoney, seconded by Mr. Kirschenbaum, for Ms. Castronovo to submit the 2017 Annual State Report to the state. In a voice vote by the members present, **Motion** passed 4-0.

g. Pension Administrator – Lisa Castronovo

The Board 1) recognized Ms. Castronovo as the Pension Administrator for the City of Delray Beach Retirement System, 2) agreed to add Nancy Graham, the City's other pension administrator, as another authorized signer for transactions and directives involving Salem Trust, 3) agreed to rejoin Florida Public Pension Trustees Association

effective January 1, 2019, 4) agreed to remove Warrant specifics from the Agenda, 5) hold their quarterly meetings starting at 9:00 AM on the third Thursday of the second month following the end of each calendar quarter, 6) agreed to consider optional ways of listing and paying invoices rather than producing and approving one Warrant for each invoice, and 7) directed Ms. Castronovo to research using a Dropbox-type account for purposes of storing agendas and agenda back-up materials.

**MOTION** made by Mr. Mahoney, seconded by Secretary Glanfield, to rejoin Florida Public Pension Trustees Association effective January 1, 2019. In a voice vote by the members present, **Motion** passed 4-0.

Ms. Castronovo suggested the Board consider meeting with its investment managers on a regular, annual basis.

## 6. EXPENDITURES

- a. Ratify Payment of Warrants 183-201
  - i. 183 – August 2018 Normal Retirement Benefit Enhancements
  - ii. 184 – August 2018 DROP Benefit Enhancements
  - iii. 185 – DROP Commencement
  - iv. 186 – Klausner, Kaufman, Jensen & Levinson
  - v. 187 – Gabriel, Roeder, Smith & Company
  - vi. 188 – Office Expenses
  - vii. 189 – Anne Woods - Office Supply Reimbursement
  - viii. 190 – September 2018 Normal Retirement Benefit Enhancements
  - ix. 191 – September 2018 DROP Benefit Enhancements
  - x. 192 – Retirement Commencement
  - xi. 193 – Investment Manager Fees (Rhumblin, Sawgrass)
  - xii. 194 – AndCo
  - xiii. 195 – Gabriel, Roeder, Smith & Company
  - xiv. 196 – Klausner, Kaufman, Jensen & Levinson
  - xv. 197 – Office Expenses
  - xvi. 198 – Fiduciary First
  - xvii. 199 – Office Expenses
  - xviii. 200 – DROP Commencement
  - xix. 201 – September 2018 Normal Retirement Benefit Enhancement
  
- b. Approve Payment of Warrants 202 -211
  - i. 202 – Investment Manager Fees

Garcia Hamilton	\$ 9,113.85	
The Boston Company	\$14,864.60	
Lazard Asset Mgmt	\$13,701.68	
  - ii. 203 – Caler, Donton, Levine, Cohen, Porter & Veil, P.A. \$20,000.00
  - iii. 204 – Klausner, Kaufman, Jensen & Levinson \$ 1,012.50
  - iv. 205 – Anne Woods – Office Supply Reimbursement \$ 82.40
  - v. 206 – October 2018 Normal Retirement Benefit Enhancements

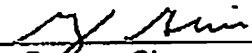
Brassard, David	\$ 8,345.89	
Cooper, Geoffrey	7,250.30	
Dalton, James	6,515.29	

	Fitzer, Raymond	5,150.08
	Neddo, Arthur	4,779.88
	Staghn, Randy	3,594.12
vi. 207 –	October 2018 DROP Benefit Enhancements	
	Garito, Timothy	\$ 6,708.29
vii. 208 –	November 2018 Normal Retirement Benefit Enhancements	
	Adams, William	\$ 9,322.57
	Dorcas, Wayne	6,404.66
	Kobrin, David	7,453.98
	Stravino, Charles	9,363.69
viii. 209 –	December 2018 Normal Retirement Benefit Enhancements	
	Bush, Richard	\$ 9,056.75
	Lee, Selwyn	3,426.44
	Marchsteiner, David	4,996.08
	Marullo, Daniel	4,654.16
	Press, Steven	6,014.85
	Thornton, Michael	4,872.57
	Tillson, Bernard	3,804.71
	Tuckman, Eileen	4,271.82
	Vaughn, Douglas	6,025.96
ix. 210 –	December 2018 DROP Benefit Enhancements	
	Drayson, Joseph	\$ 6,690.32
	Rose, Rylan	4,890.57
x. 211 –	Office Expenses	
	FedEx	\$ 15.11

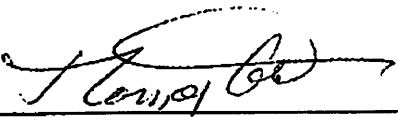
## **ADJOURNMENT**

Meeting adjourned at 12:00 PM.

The undersigned are the Chairman and Secretary of the Board of Trustees of the City of Delray Beach Firefighters' Retirement System. The information provided herein are the Minutes of the August 15, 2018 regular meeting of said body. Said Minutes are hereby formally approved and adopted by the Board of Trustees of the City of Delray Beach Firefighters' Retirement System.

  
\_\_\_\_\_  
Gregory Giaccone, Chairman

11/8/2018  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Thomas Glanfield, Secretary

11/8/18  
\_\_\_\_\_  
Date

**NOTE TO THE READER:** If the Minutes you have received are not complete as indicated above, this means these are not the official minutes of the Board of Trustees of the City of Delray Beach Firefighters' Retirement System. Minutes will become official Minutes only after they have been reviewed and approved, which may involve some amendments, additions or deletions to the Minutes as set forth above.

**NOTE:** upon official approval by the Board of Trustees, the Minutes will be posted on the City of Delray Beach website at: [www.mydelraybeach.com](http://www.mydelraybeach.com).