

**MINUTES
SPECIAL PENSION BOARD MEETING
CITY OF DELRAY BEACH FIREFIGHTERS' RETIREMENT FUND
SEPTEMBER 13, 2018**

1. CALL TO ORDER, ROLL CALL

Chair Giaccone called the meeting to order at 8:54 AM.

Board Members present: Chair Gregory Giaccone, Secretary Thomas Glanfield, Trustee Alan Kirschenbaum (arrived at 8:55 AM), and Trustee Craig Mahoney. Members absent: Trustee Jack Warner. Also present: Board Attorney Bonni Jensen (Klausner, Kaufman, Jensen & Levinson) and Pension Administrator Lisa Castronovo.

Guests: Janice Rustin, John Mainfield, Jeffrey Amrose and Trisha Amrose

2. AGENDA ADOPTION

MOTION made by Mr. Mahoney, seconded by Secretary Glanfield, to adopt the September 13, 2018 special Board meeting Agenda as presented. In a voice vote by the members present, **Motion** passed 3-0.

3. WARRANT APPROVAL

MOTION made by Mr. Mahoney, seconded by Secretary Glanfield, to approve payment of Warrant 213. In a voice vote by the members present, **Motion** passed 3-0.

4. REPORTS

- a. Gabriel, Roeder, Smith & Company ("GRS") – Jeffrey Amrose and Trisha Amrose
October 1, 2017 Actuarial Valuation Report – Assumption Change Update
(Report made part of these Minutes)

Mr. Amrose reviewed his August 23, 2018 letter to the Board in which he outlined GRS's analysis of lowering the assumed investment rate of return from the currently used 8.0%. Mr. Amrose noted that the 8.0% assumed rate of return was materially above the 50th percentile average returns in GRS's capital market outlook models which were based on forecasts from 12 investment consulting firms. Based on GRS's analysis, the likelihood of the Fund meeting the 8.0% assumed rate on an on-going basis was significantly less than 50%. Mr. Amrose reminded the Board that the continued use of an overly aggressive rate of return leads to actuarial losses in turn leading to an unfunded actuarial accrued liability that never gets paid off. Mr. Amrose concluded by recommending the Board lower the assumed rate of return to ultimately no more than 7.0%.

Discussion ensued regarding decreasing the assumed investment rate of return in steps from 8.0% to ultimately 7.0%. Chair Giaccone shared his discussion with City Manager Lauzier who stated his preference that the Board lower the investment assumption to 7.5% on October 1, 2017 and then 7.0% on October 1, 2018. Secretary Glanfield and Mr. Mahoney both stated their preference to lower the rate to 7.0% on October 1, 2017. The Board continued by considering how changing the asset smoothing method could be used to offset some of the increase in required contributions due to a decrease in the assumed rate of return.

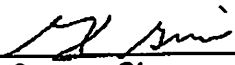
MOTION made by Mr. Mahoney, seconded by Secretary Glanfield, to decrease the assumed investment rate of return from 8.0% to 7.25% effective October 1, 2017 and reset the asset smoothing method effective October 1, 2016. In a voice vote by the members present, **Motion** passed 4-0.

MOTION made by Mr. Mahoney, seconded by Secretary Glanfield, to approve the October 1, 2017 Actuarial Valuation Report as revised (to reflect an assumed rate of return of 7.25% and resetting of asset smoothing method effective October 1, 2016). In a voice vote by the members present, **Motion** passed 4-0.

ADJOURNMENT

MOTION made by Mr. Mahoney, seconded by Mr. Kirschenbaum, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 4-0. Meeting adjourned at 9:26 AM.

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 September 13, 2018 special 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.