



# City of Palm Coast

Fire Station #25  
1250 Belle Terre Parkway  
Palm Coast, FL 32164

## Meeting Minutes Volunteer Firefighters' Pension Board

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Friday, February 24, 2017

8:30 AM

Fire Station 25

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**Staff: Christopher Quinn, Finance Director**  
**Virginia A. Smith, City Clerk**

>Public comment will be allowed consistent with Senate Bill 50, codified at the laws of Florida, 2013 – 227, creating Section 286.0114, Fla. Stat. (with an effective date of October 1, 2013). The public will be given a reasonable opportunity to be heard on a proposition before the City's Volunteer Fire Fighters Pension Board, subject to the exceptions provided in §286.0114(3), Fla. Stat.

>Public comment on issues on the agenda or public participation shall be limited to 3 minutes.

>If any person decides to appeal a decision made by the Volunteer Fire Fighters Pension Board with respect to any matter considered at such meeting or hearing, he/she will need a record of the proceedings, including all testimony and evidence upon which the appeal is to be based. To that end, such person will want to ensure that a verbatim record of the proceedings is made.

>The City of Palm Coast is not responsible for any mechanical failure of recording equipment.

>Other matters of concern may be discussed as determined by the Volunteer Fire Fighters Pension Board.

>If you wish to obtain more information regarding agenda, please contact the City Clerk @ 386-986-3713.

>In accordance with the Americans with Disabilities Act, persons needing assistance to participate in any of these proceedings should contact the City Clerk at 386-986-3713 at least 48 hours prior to the meeting.

>All pagers and cell phones are to remain OFF while City Council is in session.

### A. CALL TO ORDER

*Chairman Charlie Esposito called the meeting to order at 8:33 a.m.*

### B. PLEDGE OF ALLEGIANCE

### C. ROLL CALL

*Kay Spears called the roll.*

*Board Member Robert Schroeder arrived at 8:37am.*

**Present:** 4 - Chair Esposito, Vice Chair Wilsey, Board Member Brazzano, and Board Member Schroeder

### D. MINUTES

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MINUTES OF THE VOLUNTEER FIRE FIGHTER PENSION BOARD:

A. NOVEMBER 9, 2016

*Before approval of the minutes, Chair Esposito provided an introduction to the newest Board Member Richard Stevens, who was not present on this day. Mr. Stevens replaces John Pickard, (who resigned a couple of months ago) to finish remaining term until term expires on April 30, 2017. All trustees will have to be renewed if they chose to.*

**A motion was made by Vice Chair Wilsey, and seconded by Board Member Brazzano, that the Minutes be Approved as presented. The motion was adopted by the following vote:**

**Approved:** 4 - Chair Esposito, Vice Chair Wilsey, Board Member Brazzano, and Board Member Schroeder

E. FINANCIAL STATUS OF PLAN ACCOUNTS

*Motion to accept the invoices by BM Brazzano; seconded by VC Wilsey; motion carried unanimously.*

*Motion to approve finance report by VC Wilsey; seconded by BM Brazzano; motion carried unanimously.*

*Doug Lozen presentation on Annual Actuarial Evaluation*

*Chair Esposito – Why wouldn't we deal with that now? (Note for reference: Due to various reasons ((more conservative assumptions)) the actuarial report indicates a small liability to City for 2017/2018. This is an anomaly since the plan is still over funded at 130%).*

*Ans: Mr. Lozen – You have the \$301k in reserve already in the plan. The easiest route is the City just uses \$2500 out of the \$301k and they don't have to negotiate, they don't have to discuss. It's already been determined by ordinance that it's the City's money. The answer is ones easy, requires no agreement. The other requires a consensus.*

*Ans: Mr. Quinn – From the City's standpoint the \$300k is almost like an emergency amount of money- my suggestion is that we look at other options to erase the \$2500 in the future. It was set aside in a worse case catastrophic situation then we have this money. That is how it is viewed. It's fine for this actuarial report but to make sure that we don't have it in the future, we need to discuss what our options are to cover that.*

*Vice Chair Wilsey – Did this happen because we lowered our assumption?*

*Ans: Mr. Lozen – It had more to do with the mortality change, lowering investment assumption did contribute but the mortality change was the big hitter.*

*Vice Chair Wilsey – Is that frozen amount set by the Board or is that something that is set by the State?*

*Ans: Mr. Lozen – It's negotiation between the Firefighters and the City.*

*Ans: Mr. Quinn – It used to be, it originally came from the State, I think way back when and we just adopted that number going forward so it's just something we between the Firefighters and the City can really change anytime.*

*Mr. Quinn – Could we do something with that also to support this? Like redirect some of the plan forfeitures?*

*Ans: Mr. Lozen – Yes we have a fire plan. All these plans by the way like police and fire have a shared plan now. Some are funded and some aren't. We've got one where the forfeitures don't reallocate to the other members. It reallocates to the district. In this case would be the City. So, it would require an ordinance change.*

*Mr. Quinn – Maybe we can start splitting it. Some goes to cover the defined benefit portion and if needed the rest of it can go back into the shared plan.*

*Vice Chair Wilsey - With things as they are status quo, I know the mortality rate will probably not adjust for the next 3-5 years. Is this going to stay the same or grow, in your opinion?*

*Ans: Mr. Lozen – The investment side you might get some loses in the next couple of years. You still have prior losses that have to work their way in. That shouldn't be a real big impactor. Really what it has to do with going forward is turnover. And the number of members you have in the plan. Like I said we have 37, if I come back next year and you find out there's 50. You might have favorable experience but increasing above 37 I don't know where the break-even point is.*

*Mr. Quinn – Is that something you can model also?*

*Ans: Mr. Lozen – Those are projections, we would run a baseline into the future and assume we meet all assumptions and we keep the same 37. Then we can compare that to any number that you would want to project of new hires and see what it looks like.*

*Mr. Quinn - As far as the rate of return assumption, have you seen anything trending lower than 7% for pension plans now?*

*Ans: Mr. Lozen – There are few but those are primarily closed plans. I have one open plan. The lowest I have is 6.25% for an open plan. The average right now is about 7.7 - 7.6 and that's because Florida Retirement System is at 7.6. You're at 7 right now, so you are way ahead.*

*Chair Esposito – So in conclusion Doug, there is nothing we need to do?*

*Ans: Mr. Lozen – No just to approve the report.*

*Motion to accept the Actuary Report by VC Wilsey; seconded by BM Brazzano; motion carried unanimously.*

## **F. LEGAL REVIEW**

*Attorney Christiansen was not in attendance today.*

## **G. NEW BUSINESS**

*Vice Chair Wilsey – In our regular business meetings we've been discussing the new internship program and moving forward and how we are going to adjust bylaws versus different qualifications and things like that and I kind of want to talk to the board about how this is going to affect, how do we approach this because I kind of need some feedback on that. How do we approach those requirements? What if we do have an intern that is coming in and they are becoming vested with our organization, they transfer to the career side, is it something that can follow them? These are all the questions that I kind of had up in the air and I know that board or bylaw changes rather require to be presented to the Board, I know the whole process for that. Because we are going to have to develop basically 2 paths, one that is going to accommodate someone who just wants to volunteer and then the next one for someone who is going to accommodate becoming a career person down the line. So my question is how do*

*we address that and do we bring that to the membership.*

*Ans: Chair Esposito – I think it is going to take some talk, study, and some insight to what the plan is and how we can accommodate the plan.*

*Mr. Quinn – The general idea is that we would solicit the discussions to primarily younger men and women that want a career in the fire and emergency services and part of their internship and training program would be to volunteer for around two years or so. During that two years they would be volunteering to prepare them for a career, so they are going to earn two years of credited service in theory at least and then hopefully become a full time Firefighter after that point. So how do we deal with the fact that they've earned a couple of years of credited service, they are not really leaving us because they are going over to the professional side and not penalizing them for losing their two years of credited service under the plan. Some of this might be a legal question because our current share plan is not rollable. Can potentially use vesting years and deduct when they come on. This is just a discussion.*

*Ans: Chair Esposito – We are going to need a separate meeting on this.*

*BM Brazzano - Does the City itself not have an Intern program? Why is the volunteer side creating an Intern Program to go into Firefighting? Why don't the Firefighters have their own interns?*

*Ans: Vice Chair Wilsey – The City as a whole has an internship program in every department and the Fire Department is utilizing the Volunteers because it is an untapped resource. Our volunteers are just as trained, sometimes more than a lot of the career side. So why not utilize that resource to get people paid. If that is the career path they want to take, why not take advantage of it and utilize it.*

*Chair Esposito - If you can come up with some ideas of what this transition is going to look like, we can call a special meeting to sit down and discuss.*

## **H. OLD BUSINESS**

*Chair Esposito – The board had a question about the distribution of the period 2002-2014 and 2015 under the share plan. I asked you to look if there was any inconsistency in the methodology between the 2002-2014 and & the way we did it in 2015. Do you have any comment with regard with that?*

*Ans: Mr. Lozen - I know you had a concern along the way that the initial allocation that your thought was one way but the ordinance turned out to be differently.*

*Chair Esposito – I was not aware of requirement and the ordinance and I'm not questioning that. We have been through that. That ordinance is the ordinance. What I proposed in 2015, I wasn't aware of the fact that we had that formula.*

*Ans: Mr. Lozen – I have looked through the chain of emails and the history and you have always been consistent with what your understanding was and how it should've been. So you have always described it and educated based on a consistent message. It just turned out that the ordinance ended up being a little different.*

## **I. PUBLIC COMMENTS**

*There were no public comments.*

## **J. DISCUSSION BY BOARD OF ITEMS NOT ON THE AGENDA**

*Nothing further at this time.*

## ADJOURNMENT

*The meeting was adjourned at 9:18 a.m.*

*Respectfully submitted,  
Kay Spears.*