



# 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, May 12, 2017

8:30 AM

COMMUNITY WING @ CITY HALL  
160 LAKE AVENUE

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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

*Chair Esposito called the meeting to order at 8:33AM.*

### B. PLEDGE OF ALLEGIANCE

### C. ROLL CALL

*Board Member Schroeder arrived at 8:40AM.*

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

**Absent:** 1 - Board Member Brazzano

### D. OATH OF BOARD MEMBERS

*Before the Oath of Board Members, Chair Esposito provided a re-introduction to the newly appointed Trustee Richard Stevens and announces reappointments of Vice Chair Timothy Wilsey, Chair Charles Esposito, and Board Member Daniel Brazzano. Board Member Robert Schroeder (not present at this time) has announced if worthy to be selected he would accept.*

*Recording Secretary, Kay Spears performed the Oath of Office for all Board Members in attendance.*

*Chair Esposito noted that we do have a quorum.*

*Board Member Schroeder took the Oath of Office at 10:00 am.*

**E. APPOINTMENT OF BOARD MEMBER**

*There was a Motion made by Board Member Wilsey, which was seconded by Board Member Stevens to appoint Robert Schroeder to serve on the Board.*

**G. MINUTES**

**1      [17-194](#)      MINUTES OF THE VOLUNTEER FIREFIGHTER PENSION BOARD:  
A. FEBRUARY 24, 2017 VOLUNTEER FF PENSION BOARD MEETING**

**A Motion was made by Vice Chair Wilsey, which was seconded by Board Member Stevens to accept the minutes as presented.**

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

**H. SELECT POSITION OF BOARD MEMBERS**

*3 positions to fill - Chairman, Vice Chairman, and Secretary  
Appointments will wait until next meeting since last decided in November 2015 and is a two-year term. Will continue to operate as is until next meeting when more than 3 members are present. Will put on agenda for next meeting.*

**I. FINANCIAL STATUS OF PLAN ACCOUNTS**

*Board Member Robert Schroeder arrived at 8:40 am.*

*A Motion to pay invoices as listed by Vice Chair Wilsey, and seconded by Board Member Stevens; motion carried unanimously.*

**2      [17-191](#)      DISCUSSION ON VOLUNTEER INTERNSHIP PROGRAM**

*Mr. Quinn- Based on the last board meeting, we need Attorney Christiansen's input. The City is expanding their "home-grown" program of trying to grow our own professional Firefighters. Through the program what we are essentially trying to do is bring people into the Volunteer organization, have them go through their normal volunteer training and prepare them potentially for careers as Firefighters in Palm Coast. They are ramping that up and making some changes to the program. One of the issues that we discussed is it might take 2-3 years for someone to go from scratch through the volunteer program to be ready to be a professional Firefighter and in that time they're earning potentially years of credited service under the LOSAP program. One of the discussions that we had was it would really be a nice benefit that those folks that are*

*earning those years of service can take that with them into their professional program, that monetary benefit with them out of our pension plan and into the professional plan.*

*Chair Esposito- That's pre-vested right?*

*The idea is that they're part of the volunteer program for maybe 2 to 3 years, they get hired as a professional Firefighter and under the LOSAP program they met all of their points- all of that earning will go into forfeitures-they don't get anything out of it when they become a professional Firefighter because they are not vested. The thought was, is there a way we can do that? This is as much of a legal question as much as anything – for the folks who make that transition, can they take their share plan allocation with them –what they earned during that time frame. They are not getting paid during the volunteer program but at least they can say they earned some amount of money towards their retirement and it just gets added onto their pot for when they become a professional at the City.*

*Attorney Christiansen- You have a defined contribution plan for the Firefighters?*

*Mr. Quinn- 401A*

*Attorney Christiansen- The question is whether they can take what they accrued in this plan and move it and roll it over in the other plan (City 401A). Off the top of my head, I don't know the answer because it is a fairly specific situation, however I can look into it.*

*Mr. Quinn- I know for the retirees, they are not allowed to roll out their shared plan they have to take a distribution, so this is a little different. What's involved with tweaking the plan, what we are able to do or not. We really need your expertise to give us some ideas of how we might be able to do that.*

*Chair Esposito- That would be two separate issues, one would be the defined benefit and the other is the shared- they might not be able to treat them the same way.*

*Mr. Quinn- Right, might not be able to.*

*Vice Chair Wilsey- If you come in with a solution, how would your City plan, the 401a, be able to proceed?*

*Mr. Quinn- In theory what we would like to do is –if they spent 3 years as a volunteer and were able to roll that into our plan. Right now new Firefighters have a 10-year vesting schedule. Their vesting will pick up on our side with however many years they included as a volunteer- would be part of their vesting schedule.*

*Vice Chair Wilsey- So they would start at three years for instance?*

*Mr. Quinn- Exactly. So we're really trying to make it as positive as possible to do that. One of the issues that we had on the professional side is when we are doing a lot of recruiting, we wind up getting people from Jacksonville, Port Orange, and Sanford that come here to work for a couple of years until a position opens up where they live and then they leave. So we're having an issue with keeping local retainage, so we want to develop the people locally, that are here locally, to stay here locally and that is part of the discussions.*

*Attorney Christiansen- I understand the issue. I will have to do a little work on this.*

*Board Member Schroeder- The idea is portability. Portability from one plan to another.*

*Attorney Christiansen- This is a different situation here and remember this is a different plan than virtually all of my other plans. There's a different set of rules that apply. So I need to do a little work.*

*Chair Esposito- With respect to portability, would there be a transfer of funds at the time of the transfer of the individual on the career side? Would we transfer funds out of our program into another program? If these guys do that when they are 22 years old that money is going to sit in somebody's pot for 40 years before they are ready to take advantage of the pension program. So would we transfer money from the volunteer program into a career program and if you do that are there any ramifications? Or do you create an indebtedness on the part of the volunteer pension fund that will be called upon in 40 years.*

*Mr. Quinn- I would prefer it not be that way. If we can do it, the easiest thing would be to establish whatever they have earned just transfers into the main City plan and the volunteer plan is clean. That would be ultimately the easiest and best thing for everybody.*

*Vice Chair Wilsey - I think we may cross the bridge also of our vesting period. At three years you'd have to write it to where you'd have to be vested for a certain amount of time so you only qualify for this amount if you complete five years once you leave the volunteer program.*

*Mr. Quinn – Could be a combined time.*

*Vice Chair Wilsey – That way the payout doesn't happen until they have given the time to the City because if you do it at three years and they bail then they get their money before they are vested. So I think that may be something to look into as well.*

*Mr. Quinn – That is a good point.*

*Vice Chair Wilsey – Someone could sign up for three years, get hired on the career side have that money transferred over and then quit and now they still have that money that they never got vested for roll into wherever they are going.*

*Mr. Quinn - One of the things that our 401a plan's vesting schedule that we are talking about, you are not 100% vested. They are only vested 10% a year. So even if they did that, they would get very little. I still think that it is a good idea.*

*Vice Chair Wilsey – At least it protects us until they commit to the five years.*

*Mr. Quinn - Until they got 5 years combined then the money may transfer over. I like that idea.*

*Attorney Christensen – I hadn't thought about that, but you're right. That locks them in, like combined vesting. After the five years in both plans or one or the other plans you have to have a total of five years before you get money from our plan. That means it might sit there for a couple of years before it gets transferred over but at least you got the guy having done five years combined.*

*Vice Chair Wilsey - Even if any of this doesn't come to fruition you still have the benefit of them transferring at that time – they are walking in with 30%.*

*Chair Esposito - You are going to develop this and get back to us? What are we trying to accommodate in terms of the change that has been requested in the volunteer organization by laws to accommodate this kind of transition?*

*Vice Chair Wilsey – We are not requesting a change, we are researching it.*

*Chair Esposito - How is it going to work so we know whether or not a change is necessary?*

*Mr. Quinn - We have to find out if it is possible.*

*Chair Esposito - Yes, from a transfer perspective. Right now there is some communication going on between the volunteer organization and the career side/fire department side on how the volunteer organization should be structured. Do we need to know what the goal is on that before Scott can come up with his idea of how this could be done?*

*Vice Chair Wilsey – There is no conversation on how we should be structured that's why the by-laws committee was developed so now we will move forward and what by-laws changes need to be made to accommodate the training schedule of the internship program and the volunteer program. That will come in time since it was implemented this month.*

**The Agenda Item was Received and Filed.**

**3**      [17-192](#)

**PRESENTATION ON CITY WEBSITE AND VOLUNTEER FIREFIGHTER DOCUMENTS**

*Discussion on City of Palm Coast website and firefighter documents. Mr. Quinn showed the board members where on the City of Palm Coast website to locate Volunteer Firefighter documents.*

**The Agenda Item was Received and Filed.**

**4**      [17-193](#)

**DISCUSSION ON ADJUSTING "FROZEN AMOUNT" TO DEAL WITH  
POTENTIAL CITY FUNDING REQUIREMENTS**

*Chair Esposito- This shortfall that we have is not indicative of the future. This is almost an anomaly of the year 2017.*

*Mr. Quinn- Doug was a little surprised by it however we got hit by two things. We lowered our rate of return to 7%. Second is the change in the mortality tables. They've gotten a lot stricter. People are living a lot longer. He mentioned there might be another revision on the horizon to the mortality tables. Basically as people live longer, those benefits have to last longer, so you need more money to fund those benefits longer.*

*Mr. Quinn- Doug said that we don't have to go all the way to 200. We can go from 145 to 175. The issue is that every time you have to make a tweak to it, you have to go back to talk to the membership about it and get their agreement. He felt it was easier to do a one shot deal in his estimate was as far as he could see that the 200k even with growth in the people that are volunteering, it would cover us for quite a while. That is his recommendation.*

*Vice Chair Wilsey- I know that there are a lot of factors that go into where this number comes from however would this be a result of us just biting the bullet and going the 7% instead of incrementally?*

*Mr. Quinn- The 7% had a very small impact on it. It was the longevity tables.*

*Vice Chair Wilsey- We have to have a discussion with membership but before we make a decision on this should we play it out and see what happens with FRS and all of these other mortality things and so forth? Should we wait?*

*Mr. Quinn- Here is where we get into issues. If he does the next actuarial evaluation that says the City has to pay, the City has to pay. We are just trying to stay ahead of it. Everything is working really well right now and I'd like to keep it working really well. We can certainly wait until we hear from Doug. We will probably see him at the next meeting. We can have some more discussions with him about it. I am just laying it out on the table what the discussions that I had with him.*

*Chair Esposito- We already decided on the 2016, the differential we made the extra fund that we have with the City, the 300k.*

*Mr. Quinn- I don't think that we can just arbitrarily do that because City Council set that money aside. So I don't believe that I can arbitrarily say that I have the authority to decide that you can use that money. That is the only issue that I have with dipping into the City's 300k is that I probably will have to go to City Council and let them know what is happening to dip into the 300k to make this work.*

*Chair Esposito- Theoretically that is funds set up so there's some leeway in case something happens.*

*Mr. Quinn- An emergency cushion*

*Vice Chair Wilsey- So that is what is was essentially assigned for. Does it replenish to the 300k every year with our contributions?*

*Mr. Quinn- No it was a fixed amount. It does earn a little bit of interest. It'll participate in gains and losses. That will require me to go to City Council and explain that to them.*

*Vice Chair Wilsey- At this point, we have a discussion with membership and then at the next meeting we are prepared to go either way.*

*Chair Esposito- I don't know if there is a great urgency right now to increase the frozen amount because I thought we had from Doug's perspective satisfied where we can take 2500 from the 300k, that takes care of 2016, and then we have a little bit of time work the rest.*

*Mr. Quinn- He made that note in the plan but we didn't actually move any money. He just said you could take that out. I would think that by the next meeting we would*

*probably have to have a decision of which direction we want to go so that Doug knows how to prepare the next evaluation.*

*Attorney Christensen- Just to clarify, the language in the plan about the City reserve is specific. It says twenty percent of the reserve amount which is what is established, shall remain in the reserve account to be used only to reduce or eliminate any future funding requirements of the City as determined by the most recent actuarial evaluation. So it is not up to the City to say we want to use it or not use it. That money is there specifically that if the evaluation comes in and says the City has to put in 30k, this is self-executing as far as I am concerned and it comes out of that fund. That is what it is there for.*

*Mr. Quinn- I can't just say okay and not report it. I have to report to City Council that the plan is not covering its cost so we have to dip into our 300k.*

*Attorney Christiansen- It that happened this year and that bill was 30k, it's covered. So the City's not going to be writing any checks but you would have to tell them there's 30k less in there now than there was before. At that point, you have the conversation about increasing that reserve amount. Bottom line is the City is not going to be making any contribution unless the contribution is above the 20 percent reserve.*

*BM Schroeder- The real problem here are the tables. That is something that is not going to go away. Those tables are going to lengthen out. Does the FRS use the tables that are revised every ten years from the Census Bureau?*

*Attorney Christensen- They are generational tables. It is not a static table which a lot of the actuaries were using. In other words, they take a table as of this date and this is what expected mortality is on that date and there are no built in improvements. What FRS uses has built in improvements in mortality going forward. So it's a really conservative table. So you wouldn't expect another big hit on the mortality table by switching to another big table because it has built in improvements in mortality built right in.*

*Mr. Quinn- This is more like a living table, it adjusts all the time. As we keep living longer, those tables are going to keep that mortality over time.*

*Vice Chair Wilsey- Question on the reserve amount. I know it's at 300k and the ordinance it states 20%. We always have to be at 20%? Or is it just 20% of the snapshot?*

*Attorney Christensen- What we have at the beginning, 20% of that.*

*Chair Esposito- We don't have to keep making up to keep the 20%.*

*Mr. Quinn- That is what City Council might say, we don't like how far down its going.*

*Vice Chair Wilsey- We will have the discussion with membership and talk to Doug at the next meeting about it.*

*Chair Esposito- On the disbursements on the shared plan for 2016-we had an error in the final spreadsheet related to one individual, Vincent Devito. He earned credit for 2016 and every piece of paper we have says yes he's qualified for it. However it got translated on the spreadsheet as 0-he didn't qualify. We've reviewed that whole process. He is qualified. I would like to do is have the Board validate the fact that yes we can make a change to the present spreadsheet and incorporate him as a qualified member so that he gets the credit for it in his pension plan.*

*A Motion was made by Vice Chair Wilsey, which was seconded by Board Member Schroeder to amend the 2016 table to reflect that information for Vincent Devito. All in favor.*

**A Motion was made by Vice Chair Wilsey, which was seconded by Board Member Schroeder to amend the 2016 table to reflect that information for Vincent Devito. The vote was as follows:**

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

## J. LEGAL REVIEW

*Attorney Christensen covers items: individual financial disclosure form and upcoming deadline, reminder next meeting to cover budget for next fiscal year, no legislation changes to State law, summary plan description, mini-conference this morning, MOU (memorandum of understanding) of State money update- Mr. Quinn, and reminder for recommendation needed for actuarial evaluation.*

*A Motion was made by Vice Chair Wilsey to authorize Attorney Christensen to update the summary plan description for the November meeting, which was seconded by Board Member Schroeder. All in favor.*

*A Motion was made by Vice Chair Wilsey that based upon the advice of our investment representatives that we expect to get a 7% investment return for the next year, next several years and the long-term thereafter, which was seconded by BM Stevens. All in favor.*

## K. NEW BUSINESS

### 5 [17-217](#)

ORDINANCE OF THE CITY OF PALM COAST AMENDING CHAPTER 2, ADMINISTRATION, ARTICLE VI, RETIREMENT, DIVISION 2, VOLUNTEER FIREFIGHTER RETIREMENT SYSTEM AND TRUST FUND

*ORDINANCE OF THE CITY OF PALM COAST AMENDING CHAPTER 2, ADMINISTRATION, ARTICLE VI, RETIREMENT, DIVISION 2, VOLUNTEER FIREFIGHTER RETIREMENT SYSTEM AND TRUST FUND*

*Attorney Christensen covers items- ordinance amendments in: Section 2-526 Definition of Actuarial Equivalent & definition of Spouse, Section 2-532 Pre-Retirement Death to remove unnecessary language, Section 2-533 Disability- Changes to disability section, and Section 2-535 Optional Forms of Benefits.*

*A Motion was made by BM Schroeder to approve the changes and recommend them to the City, which was seconded by Vice Chair Wilsey. All in Favor.*

**A Motion was made by BM Schroeder to approve the changes and recommend them to the City, which was seconded by Vice Chair Wilsey. The vote was as follows:**

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

### 6 [17-212](#)

RESOLUTION 2017-XX APPROVING THE ADDENDUM TO THE OPERATING RULES AND PROCEDURES FOR THE CITY OF PALM COAST VOLUNTEER FIREFIGHTERS' RETIREMENT SYSTEM RELATING TO THE REVISED TRAVEL POLICY

*RESOLUTION 2017-xx APPROVING THE ADDENDUM TO THE OPERATING RULES AND PROCEDURES FOR THE CITY OF PALM COAST VOLUNTEER FIREFIGHTERS' RETIREMENT SYSTEM RELATING TO THE REVISED TRAVEL POLICY*

*A Motion was made by Vice Chair Wilsey to approve the addendum to the operating rules and procedures, which was seconded by BM Stevens. All in Favor.*

**A Motion was made by Vice Chair Wilsey to approve the addendum to the operating rules and procedures, which was seconded by BM Stevens. The vote was as follows:**

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

**L. OLD BUSINESS**

*Nothing further at this time.*

**M. PUBLIC COMMENTS**

*There were no public comments.*

**N. DISCUSSION BY BOARD OF ITEMS NOT ON THE AGENDA**

*Jeremy Langley of the Florida League of Cities led a discussion on the actual investment report.*

*Chair Esposito- Over the course of the year how does that equate?*

*Mr. Langley- If you were to have 1.7 every quarter, you would come out about 6.8 for the year. That's very positive numbers because it wasn't a great quarter in the market. If we would've been following the index just in the fixed income space we would've been way down. Fortunately, even though we were down in the broad market 2.6%, 60% of your fixed income money is in the core plus it was up 2.7%. So you actually even had a slight gain in the fixed income space for the quarter.*

*Chair Esposito- When we started the program with limited funds, we went with the most conservative that we could which was the 60/40. Realizing where the program is now and how well off it is, do you have any recommendations on change from less conservative or more conservative?*

*Mr. Langley- When you brought the Florida League of Cities on your essentially adopting our investment policy as a whole and there is not a tremendous amount of variation about different ways you can go about investing. We have three options, just an allocation: 50/50 (50% fixed income, 50% equities), 60/40, and a 70/30 (70% equities, 30% fixed income). So basically you are just choosing your risk tolerance. I would say that 60/40 is by far the way the vast majority of our plans are in that. I wouldn't call it conservative or aggressive, right down the middle of the road. Other boards across the State who we don't necessarily work with would predominantly fall somewhere within that allocation split. So I would say that you are well within the norm. If you want to change, I'd be happy to bring back some historical data. As far as actual recommendations, I don't think there is anything about your plan that warrants needing to make any changes. If the board was interested we can certainly go over any other options that sounds more appealing to you.*

*Mr. Quinn- If the board would entertain changing the portfolio which would then impact our long term rate of return expectations, actuarial reports-there's a cascading effect to that. Do we want to be more conservative or more aggressive? Those are really the two choices under the portfolios that we have.*



*Chair Esposito- And the recommendation from our financial people is that we are really where we should be. There is no recommendation that we should change. I am looking at this from the board's fiduciary responsibility. Are we doing what we need to do with the money that we have available? I think what you are saying to us is that we are invested wisely, we are not too conservative or too extreme, and we should stay where we are.*

*Mr. Quinn- There is a lot behind the investment theory. I'm sure there is not a huge variation between what we are doing. It's more a philosophy of the board also that has to come into that discussion.*

*Chair Esposito- We've made reasonable assumptions on where we are and where we are is a good spot for us.*

*Mr. Quinn- I think it is; but I don't want to speak for the board.*

*Mr. Langley- I can give you a rough idea. Historically you'll see about a half of a percent difference between each fund. It's not that 70/30 is a risky fund, it comes with more volatility. Does the board want to take that volatility on?*

*Chair Esposito- Is the board satisfied with where we are?*

*BM Schroeder- I say stay the course. We are dealing with other people's money here. A whole group of people. I would say stay the course in the middle. We don't have any issues with underfunding or other problems, we are fortunate.*

*Vice Chair Wilsey- I agree*

## **ADJOURNMENT**

*The meeting was adjourned at 10AM.*

*Respectfully submitted,*

*Kay Spears, Recording Secretary*