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**CITY OF DELTONA, FLORIDA  
FIREFIGHTER'S PENSION BOARD OF TRUSTEES MEETING  
TUESDAY, February 17, 2009**

14 A Regular Meeting of the Firefighter's Pension Board of Trustees was held on Tuesday, February 17,  
15 2009 in the City of Deltona's 2<sup>nd</sup> Floor Conference Room at 2345 Providence Blvd., Deltona, Florida.

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**1. CALL TO ORDER:**

22 The meeting was called to order at 5:21 p.m. by Chairman Chris Nabicht.

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**2. ROLL CALL/ELECTION OF OFFICERS:**

28 Chairman	Chris Nabicht	Present
29 Secretary	Earl "Mac" Deyette	Present
30 Board Member	John D. Adams	Present
31 Board Member	James Koczan	Present
32 Board Member	Kurt Vroman	Present (arrived 5:50 P.M.)
33 Plan Administrator	Lisa Spriggs	Present
34 Employee Benefits Specialist	Gene Gizzi	Present

35 Also present:

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**3. APPROVAL OF MINUTES & AGENDA:**

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**A. Adoption of the Minutes:**

46 The Chairman asked if there were any corrections to the minutes from the January 20, 2009 meeting.

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**Motion was made by Mr. Deyette, seconded by Mr. Koczan to approve the minutes from the January 20, 2009 meeting as amended. Motion carried with members voting unanimously.**

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**B. Additions or Deletions to the Agenda:**

The chairman asked if there were any Additions or Deletions to the agenda and there were none.

**Motion was made by Mr. Koczan, seconded by Mr. Adams to approve the agenda as published. Motion carried with members voting unanimously.**

**4. PRESENTATIONS:** None

**5. MEMBER COMMENTS:** None

**6. APPROVAL OF EXPENDITURES:**

**A. Christiansen & Dehner, P.A.:**

Statement from Christiansen & Dehner, P.A. was submitted for month ending December 31, 2008 in the amount of \$319.00 for professional services.

**Motion was made by Mr. Koczan, seconded by Mr. Adams to approve the statement as submitted for payment. There was no discussion. Motion carried with members voting unanimously.**

Statement from Christiansen & Dehner, P.A. was submitted for month ending January 31, 2009 in the amount of \$2,753.44 for professional services.

1 **Motion was made by Mr. Koczan, seconded by Mr. Deyette to approve the statement as submitted**  
2 **for payment. There was no discussion. Motion carried with members voting unanimously.**  
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4 **B. Other:** None  
5

6 **7. OLD BUSINESS:**  
7

8 **A. Ordinance for Proposed Plan Revision:**  
9

10 Ms. Spriggs said she had met with the City Manager on January 20<sup>th</sup> regarding the proposed plan  
11 enhancements and Ms. Miller said she would discuss it with her staff. Ms. Spriggs said that also at that  
12 meeting she had discussed preparing an analysis for her. She said she had forwarded to Ms. Miller the  
13 written analysis stating the FFP Board's position on February 8<sup>th</sup> explaining how the Board did not see the  
14 provision as really costing the City anything and if anything the Board viewed them as more of a savings  
15 in most situations and at a minimum as being cost neutral as stated by the Actuary in the impact statement  
16 that goes along with the ordinance. She said she gave a couple of examples on how that would occur and  
17 how that could potentially have a savings to the City or at a minimum be cost neutral. She said she had  
18 received a response from Ms. Miller via email that they had considered it and that at this time they do not  
19 want to entertain it and they would be open to doing a shared plan. She said one of the things she had not  
20 discussed with Ms. Miller were the two things in the plan proposal of amending the DROP and the lump  
21 sum provision. She said it seemed they did not have a problem with the lump sum provision so the Board  
22 could propose that if the City was opposed to going with amending the DROP Plan understanding that  
23 that provision is being held back. She said the lump sum does provide some flexibility. She said she  
24 wanted direction from the Board on the DROP provision and how the Board wanted to respond to that.  
25 She said the Board had discussed the Shared Plan previously but they can discuss that again in April with  
26 the Plan Attorney. She said she recalled that Mr. Dehner was a little hesitant to recommend that because  
27 her understanding is that you take that excess and put it in the shared plan like a shared account or a 401K  
28 concept and the Board would be limited and not be able to enhance the plan again.  
29

30 The Chairman said he would not be in favor of moving to the shared plan and the bargaining unit has  
31 given no indication that they would support that either.  
32

33 Ms. Spriggs said in her discussions with the Finance Director she does find the Finance Director does feel  
34 there is a cost which is a different professional view from how that provision would roll out from her  
35 view. The Chairman asked Ms. Spriggs if the Finance Director could articulate in writing to the Board  
36 how he is calculating that it would be an expense to the plan. Ms. Spriggs said she could ask him but she  
37 feels where the Finance Director gets caught up is where the plan guarantees 6% and that doesn't really  
38 have a cost to the City. The Chairman said he believed the Finance Director was going back and saying  
39 that if the plan doesn't make the 6% the City will have to make up that difference. The Chairman said  
40 using himself as an example, if he stays in the plan, he will continue to contribute his 8%, the City is  
41 going to have to continue to contribute what is currently at least 11% and this coming year that percentage  
42 will go up significantly because of the plan's loss in value. He said in Ms. Sprigg's conversation with  
43 Staff if they have a concern with what the Board is doing to minimize those losses, they should at least  
44 attend a meeting and become informed of what is going on. Mr. Adams suggested Ms. Spriggs invite the  
45 Finance Director to the meeting and have him present his plan if it is better. Ms. Spriggs said she thinks  
46 the Finance Director assumes the DROP basically promotes the employee to stay where her position from  
47 what she has seen and heard is that the one year provision is that window that promotes the employee not  
48 to go into the DROP and then stay. She said if an employee was going to stay another five years you  
49 would really rather them go into the DROP; it would be a better planning tool for the City, they would not  
50 have to do the contribution for the employee and basically the DROP account gets absorbed through the  
51 pension. Mr. Adams asked the Chairman if the Board shouldn't invite the Finance Director to the meeting  
52 and explain the position. The Chairman said he agreed with Mr. Adams and that he would welcome the

1 Finance Director at any of the Board meetings to offer his financial expertise but we have the expertise of  
2 the Principal Financial Group, Mr. Gizzi, Ms. Spriggs who has been with the plan since the beginning, the  
3 Bogdahn Group as a consultant, Christiansen & Dehner, P.A. and if the Board executes a contract with  
4 the new Actuary, Foster & Foster, the Board will have the additional expertise of Foster & Foster who is  
5 the actuary for the Florida Retirement System.  
6

7 The Chairman said if the Board decides to execute a contract with Foster & Foster at today's meeting he  
8 would like for them to attend the April meeting to have an opportunity to introduce them to the City's  
9 management team so that they get some kind of a comfort level as they work through the next budget  
10 process. Mr. Adams asked if the Finance Director could be invited to the April meeting. Mr. Deyette said  
11 he did not think that would be a good move as he has no doubt that Ms. Spriggs' numbers are correct  
12 however he doubts that the City Staff believes it. He said he feels City Staff wants to hear it from  
13 someone with more authority so he thinks that before City Staff is asked to attend, the Board should have  
14 a chance to have Foster & Foster, if their contract is executed, to go over the figures. He said once the  
15 Board does that, the Board should send a letter to City Staff inviting them to the April meeting. The  
16 Chairman said if the Board wants to do that, just remember there will be a cost to have Foster & Foster do  
17 that and a cost to have Foster & Foster attend the meeting which he is fine with. He said what he would  
18 like to be clear on is what the Finance Director does not understand about the concept of the figures. He  
19 said the City Manager has not said there is anything wrong with the figures but she has indicated that in  
20 this economy the City cannot entertain any changes or enhancements to the FFP Plan; that is not a very  
21 accurate statement as there is money to fund enhancements, it has been proven by the existing Actuary in  
22 his report on the DROP plan is of no expense to the plan, it is cost neutral and could in fact save money.  
23 He said at this time instead of the letter writing back and forth the Board should have the Finance Director  
24 at a meeting along with Foster & Foster.  
25

26 Mr. Koczan agreed that the Board is not in the position to be arguing but said the document from current  
27 Actuary, Actuarial Concepts saying the enhancement was cost neutral nullified that same document when  
28 he sent the memo to the City that said it was not cost neutral. He said he feels that the Actuarial Concepts  
29 owes the FFP Board a refund for failing to give the Board the product that was asked for. He said he  
30 believed until this issue is resolved all the Finance Director has to do is stand on that memo and say  
31 Actuarial Concepts said that it is not cost neutral. He said that because of this the Board may have to pay  
32 the new Actuary whoever it may be, to do the whole process over, verify the findings and provide that  
33 same information in that memo.  
34

35 The Chairman asked at this point to table Item 7A and move to 7B the Actuarial Contract and then come  
36 back to 7A. Mr. Koczan suggested that the Board go ahead and finish with Item 7A because whoever  
37 receives the Actuarial contract will get the job. The Chairman agreed then that the new Actuary whoever  
38 it may be will need to be directed to go ahead and review Ms. Spriggs' memo, put their credential to it  
39 and be prepared to argue that point because in the City Manager's memo she asks what the Board is doing  
40 to safeguard the funds. He said one of the things the Board is trying to do to safeguard the funds is to get  
41 the DROP plan amended. Mr. Koczan said that a memo be written to the Board and the pension plan  
42 members and copy the City Commission and the Staff noting that the Board has already taken steps to try  
43 to fend off losses and to protect FFP fund investments. He said this is an opportune time to list the steps  
44 the Board has taken. The Chairman said he would like to add that Ms. Spriggs has been presenting the  
45 required regular quarterly reports to the City Commission where they have been advised of the financial  
46 condition of the plan and what actions the Board has been taking to safeguard those funds. He said those  
47 reports are public record as are the minutes from the FFP Board meetings with all the actions the Board  
48 has taken. He said he feels the Board has done its due diligence; it has its professionals onboard and the  
49 Board is following the advice of the investment managers, financial consultants, plan attorney and plan  
50 actuary. Mr. Deyette said he believed that the person that wrote the memo appeared to be someone who  
51 does not have the same knowledge of pension plans that the Board members are required to have.  
52

1 The Chairman noted for the record that it is 5:50 P.M. and Mr. Vroman is off duty now and is in  
2 attendance. He said he would allow a few minutes for Mr. Vroman to get up to speed and let him read the  
3 email the Board is discussing at this time. Mr. Adams suggested the Board break for a few minutes. The  
4 Chairman asked for a recess at 5:50 P.M.  
5

6 **The Chairman called the meeting back in session at 5:55 P.M.**  
7

8 The Chairman said Mr. Vroman has read the email and has been brought up to speed, the Board will  
9 continue with the discussion of 7A at this time. He said with regards to the proposed ordinance he feels  
10 the Board should direct Ms. Spriggs to go ahead and execute the wishes of the Board. He said also that he  
11 believed that Mr. Koczan's suggestion is probably in order.  
12

13 Ms. Spriggs asked to read the current provision as the Chairman is suggesting a different process. She  
14 read that the current provision stated "The plan will not be decreased during the term of this agreement"  
15 and then there was a paragraph added during the last negotiation that stated "The ability of the City to  
16 provide additional benefits contemplates the use of additional insurance premium tax funds available to  
17 the City under Florida Chapter 175, additional benefits are subject to the State of Florida Division of  
18 Retirement permitting the use of additional premium tax funds, ongoing discussions of enhancements to  
19 the pension plan are anticipated and will require separate approval of the additional benefits by the City  
20 Commission after ratification of this collective bargaining agreement". She said it basically says that if  
21 the plan is going to use premium tax money and proposes no use of City money; it would be just  
22 approved and not negotiated. Mr. Vroman said what he gets from this is that the City Commission needs  
23 to approve it and we are not even getting to that point because the City Manager, Mr. Acquaro and Mr.  
24 Clinger have come together to not get the request to the Commission. He said he believes this may be in  
25 violation of the contract. The Chairman said the Board would not enter into the issue of the Union  
26 Contract as they have no standing there; however his question to the attorney would be is it just courtesy  
27 to forward the request to the City Manager or is there a requirement that it be forwarded to the Manager;  
28 can it be filed directly with the Commission. Ms. Spriggs said she thought the City Charter would name  
29 the person responsible for the preparation of the agenda. The Chairman said the Board can certainly  
30 forward information to the entire Commission and inform them of the Board's position but before he  
31 would support doing that he would like to have this whole issue reviewed by the new actuary and have  
32 the actuary prepare to make the argument for the Board. He said if Mr. Dehner advises that the Board can  
33 forward information directly to the Commission then he believes the Board needs to have the new actuary  
34 review basically Ms. Spriggs' letter and then file this directly with the Commission. Ms. Spriggs asked if  
35 the Board would like the new actuary to prepare a new impact statement as we will be under a different  
36 actuarial contract. The Chairman said the Board would need a motion to have the new actuary whoever  
37 the actuary may be to do an impact analysis.  
38

39 **Motion was made to have the Board's new actuary prepare an impact statement regarding the**  
40 **ordinance that Mr. Dehner's office has drawn up regarding the DROP by Mr. Vroman, seconded**  
41 **by Mr. Deyette. The Chairman said he wanted to clarify that the impact analysis be of the entire**  
42 **ordinance that was prepared by Mr. Dehner which includes the Lump Sum Payment also. There**  
43 **was no discussion. Motion carried with members voting unanimously.**  
44

45 Mr. Koczan asked if the board was still going to issue a memo or a letter essentially responding to the  
46 City Manager's email. The Chairman said with regards to the first paragraph of her email regarding the  
47 enhancements to the plan he did not think the Board should respond at all at this point; with regards to the  
48 second paragraph regarding meeting with the City Manager and staff to share the board's reasoning on the  
49 enhancements he said he would suggest postponing that until the Board hears from the new actuary. He  
50 said the third paragraph where the City Manager and Staff are questioning what the Board has done and  
51 what the Board is considering doing, we can handle that in one of two ways; Option A, would be to have  
52 Ms. Spriggs draft a point by point summary of what has been done since the plan started to experience a

1 decline in the investment and what advice was provided by the Board's financial professionals or Option  
2 B, the Board could invite the City Manager and staff to attend the April meeting where it could be put on  
3 the agenda and have Ms. Spriggs, Mr. Dehner, the new actuary, Bogdahn and the Principal Group explain  
4 those points to them. Mr. Vroman said he would prefer to bring in the Commissioners. The Chairman said  
5 it wasn't the Commission that is questioning the Board, in fact after last month's Board meeting Ms.  
6 Spriggs gave a report to the Commission as we have been doing each quarter and the Board had been  
7 commended at that meeting by the Commission for having minimized the losses to the plan. Mr. Koczan  
8 said he would like both steps. He said he thought the Board should have that letter written to the City  
9 Manager copied to the Union or the membership and be copied to the elected officials who have a say so  
10 and outline the presentations made by Ms. Spriggs and the compliments that were made. He said it should  
11 be brief but highlight some of the things that were already being done to save the plan's earnings and  
12 investments. He said the letter should potentially make a note of the conflict of interest the Board had  
13 with Actuarial Concepts which the Board is now attempting to resolve, the cost neutral information and  
14 the impact statement so that the Board can give them non conflicting documents in support of this being a  
15 cost neutral process. He said the Board needed to remind the City Manager that the FFP meetings are  
16 public meetings and would recommend she attend the April meeting when all the players will be there.  
17 The Chairman said he would recommend inviting any of her staff and any of the Commissioners also. Mr.  
18 Adams suggested that Lisa get a copy of the minutes where the Commissioners said the Board did a good  
19 job. The Chairman said we should include the indexing that has been done and the negotiating by Mr.  
20 Gizzi to reduce the contract fees of the plan. Ms. Spriggs reminded the Board that all the reports were  
21 public record. Mr. Koczan suggested the letter should be an informative and educational letter to the  
22 membership but directed to the City Manager who questioned it because, if the City Manager has  
23 concerns then maybe some of the members may have concerns; it should be highlighted, very simple and  
24 easy to read. The Chairman asked Ms. Spriggs to include in the letter that the Board had questioned the  
25 plan's course on several occasions but has been advised to stay the course with their investments.  
26

27 **After discussion the Board concurred to direct Ms. Spriggs to move forward with the letter.**  
28

29 **B. Actuarial Contract:**  
30

31 Ms. Spriggs reminded the Board that they had approved the attorney to draft the contract and the  
32 Chairman and the Secretary executing it. She said they were waiting for one page that had to be changed  
33 out so Foster & Foster will be forwarding an executed copy of the contract to Ms. Spriggs and she will  
34 forward it to the Chairman and the Secretary for their signatures and for someone to attest. Ms. Spriggs  
35 said there was no further action needed. The Chairman asked Ms. Spriggs to have Foster & Foster move  
36 forward with doing a new impact analysis as approved by the Board upon execution of the contract.  
37

38 **8. NEW BUSINESS**  
39

40 **A. Annual State Report:**  
41

42 Ms. Spriggs said the Board should have a copy of the report and she will go over it with the Board to see  
43 if there are any questions. She said the first page will be completed when the audit is received and is not  
44 required to be included in the original filing and the most recent actuarial evaluation will be filed when  
45 received. She said the Board will need to execute the report once it is approved. She said there was one  
46 modification during the period which was Ordinance 34-2007 regarding the IRS provisions that were  
47 updated. She said there was one modification on Page 4, a Receivable was reflected in the amount of  
48 \$30,000 from the supplemental contribution but that was not actually received until October 1 and the  
49 way the State regulates this they do not want it shown as a receivable; it will go into the next year. She  
50 said Page 6A will have to be filed after it is certified by the actuary; the State does not require this to be  
51 filed with the original filing. She said what this page does is it tells about the frozen amount of the  
52 premium tax money. She said Page 7 just says they have a written investment policy and the Board looks

1 at the expected return based on the evaluation from our performance manager and we update our  
2 summary of plan description. There were no questions.

3  
4 **Motion was made to approve the 2008 Annual State Report of the Firefighters' Pension Fund as**  
5 **submitted by Mr. Vroman, seconded by Mr. Deyette. Motion carried with members voting**  
6 **unanimously.**

7  
8 **9. ATTORNEY'S REPORT:** None

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10 **10. PLAN ADMINISTRATION REPORT:**

11  
12 Ms. Spriggs said she had one item to call to the Board's attention which she is following up with Mr.  
13 Dehner to discuss. She said she had made a mistake on the current DROP account. She said the retirement  
14 subsidy under the ordinance does not begin until the employee leaves employment even though they retire  
15 from the plan at drop, the ordinance states that they do not collect the retirement until they actually leave  
16 employment. She said she did not catch that so the factor that is in Mr. Horton's DROP is very minimal,  
17 approximately \$100.00 or less. She said the way she would like to handle it is at this point it is the  
18 Pension Board's mistake as he has been given statements with that factor in there and that is why she  
19 wanted to discuss it with Mr. Dehner. She said she would like to just pay that DROP account with that  
20 retirement subsidy being that at this point to take back from a member who has relied on it for his  
21 planning. She said the amount was per month over a three year period. She said she would like to bring  
22 up the discussion of whether we understood that and is that something that should stay that way. She said  
23 originally it made sense because it started as a medical subsidy so if you think about it you don't pay your  
24 medical until after. She said somewhere along the way it was changed because the Board did not want to  
25 get into the IRS regulations and the way you have to handle it. She said when it was changed it became an  
26 additional amount added to the retirement on a monthly basis. She said that is why she wanted to speak  
27 with Mr. Dehner to see if that would be the Board's call. The Chairman said he agreed that the Board  
28 would have to follow Mr. Dehner's advice. She said she felt it was the right thing to do but it is up to Mr.  
29 Dehner. Mr. Gizzi said the question would be what potential impact it would have on future DROP  
30 participants; does that set a precedent. Mr. Vroman said if the DROP changes to eight years and Mr.  
31 Horton decides to stay it will be a little different. The Chairman said as fiduciaries they should not give  
32 anybody any more money than is approved in the ordinance regardless of the amount. He said if we made  
33 a mistake it needs to be corrected within the limits of the law and the ordinance. He said we are liable for  
34 that mistake and if it needs to be taken from the account per the attorney or it is within the Board's  
35 judgment that it should stay but would need to be corrected from here forward, which probably will be  
36 done. He said the attorney needs to be informed and the Board needs to follow his guidance. Mr. Adams  
37 asked how much money it was and it was determined that it was about \$1,200. The Chairman said the  
38 Board acknowledged today that the mistake was made and we need to find out what needs to be done to  
39 correct it from our legal representation. He said the Board was ok with that and asked Ms. Spriggs to  
40 contact Mr. Dehner as soon as possible. He asked that this issue be put on the agenda for the April  
41 meeting for Mr. Dehner to report back on what needs to be done to correct it.

42  
43 **11. BOARD MEMBER COMMENTS:**

44  
45 Mr. Gizzi said the City Manager stated in the email that the FFP fund had lost 39% of its value and the  
46 Board needed to check on that because it looks like Ms. Miller added the percentage of 17.7% and the  
47 21.3% together to arrive at that figure. He said percentages should not be summarized or added. The  
48 Chairman said the report that was just approved by the Board shows that the fund lost 17.7%. Mr. Gizzi  
49 said they were adding together the four month concurrently. The Chairman said he had realized the City  
50 Manager's figures were not correct and had not planned to call that to light at this meeting but it calls  
51 into question the Finance Director's ability to read the financial report and his ability to challenge the  
52 Board's presentation and expertise of how the DROP plan would save this plan and City money. Mr.

1 Gizzi said by adding the percentages together it overstates the losses.  
2

3 The Chairman asked if there were any questions or comments on the Principal's financial report for the  
4 period ending January 31, 2009. Mr. Gizzi said he thought the fund should have been fully integrated to  
5 the 65/35 mix but had not had a chance to read the report. He added that he had attended a teleconference  
6 and received a very good article which was a recap of what actually happened to the economy last year  
7 with a time line and he said it is valuable information. The Chairman suggested the article should be  
8 forwarded to the membership.  
9

10 **12. CONFIRMATION OF THE NEXT MEETING DATE, TIME AND LOCATION:**  
11

12 The next meeting date will be Tuesday, April 21, 2009 at 3:00 P.M. in the 2<sup>nd</sup> Floor Conference Room.  
13

14 The Chairman asked if there were any other comments from the Board.  
15

16 Mr. Vroman had no comments at this time.  
17

18 Mr. Koczan thanked everyone for their efforts and commented that the meeting was very productive.  
19

20 Mr. Adams said he was glad to be back.  
21

22 Mr. Deyette said he was glad to have Mr. Adams back.  
23

24 Ms. Spriggs said the Board would be receiving their new books with updated information at the next  
25 meeting.  
26

27 The Chairman said in closing he appreciated everyone being at the meeting and appreciated being able to  
28 run the meetings and have a full Board because having that input from everyone is very helpful and  
29 productive especially when the Board is being scrutinized. He said he welcomed that scrutiny. He said he  
30 really appreciated Ms. Spriggs acknowledging that error in the calculation which shows that she is  
31 reviewing the work; he appreciates her due diligence.  
32

33 **13. ADJOURNMENT:**  
34

35 There being no further business, the meeting adjourned at 6:45 p.m.  
36

37 **Motion was made by Mr. Koczan, seconded by Mr. Deyette to adjourn the meeting. Motion carried**  
38 **with members voting unanimously.**  
39

40 Approved this 21<sup>st</sup> day of April, 2009.  
41  
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43 \_\_\_\_\_  
Chris Nabicht, Chairman

44 **ATTEST:**  
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46

47 \_\_\_\_\_  
48 Janet Day, Admin. Assistant II