

Howey in the Hills Police Pension Board Meeting

September 24, 2020

Board Members Present: Chief Rick Thomas - Chairman
William Herrington – Secretary
Trey Purser
Clay Ormsbee (via Zoom)

**Others and Members of
the Public:**

Mr. Jeff Blomeley, Florida League of Cities
Kevin Stone, Pension Fund Attorney

Chief Thomas called the meeting to order at 4:06 pm. The meeting was conducted via Zoom video conferencing. The meeting agenda is attached. The Chief requested a motion to approve the minutes of the 18 June 2020 meeting. Mr. Ormsbee moved for approval and Mr. Purser seconded the motion which carried unanimously.

The Chief advised that all investment reports have been distributed to Board members electronically.

Attorney's Report. Mr. Stone advised that generally Chapter 185 provides that all police officers must be a member of the pension plan; however, the Chapter also provides that there is an “opt out” option that allows participation by the Chief to be optional. The Howey Police Pension Plan does not provide for this alternative. However, the plan can be modified to accommodate this alternative. Additionally, an impact statement must be prepared by the actuary. Mr. Stone believed that the result would be a “no impact” but the actuary would have to determine this. Mr. Stone estimated the cost for the actuarial review would be between \$500 and \$1,500 depending on the impact. If there was no impact, the fee would be less.

Since the Chief has 25 years service, he is eligible to retire. Modifying the plan to allow the Chief to withdraw from the pension plan would allow him to draw retirement while he continued to work, however, he would not earn any additional retirement benefits. The Chief expressed his desire to modify the plan to allow for his withdrawal from the plan. Mr. Stone noted that the total cost (actuarial study plus plan modification) would be about \$2,000. Following some discussion in which the Chief explained his motivation for pursuing this alternative and questioning by Mr. Herrington regarding the present value benefits to the Chief plus consideration of the actuarial impact on the plan, it was agreed that this alternative merited further study with the objective of making a decision at the December meeting of the Police Pension Fund Board. It was also noted that any future interim chief could utilize this option and therefore incur no pension cost to the Town.

Secondly Mr. Stone note that it was time to update the Summary Plan Description which is required at least biannually.

Mr. Blomeley discussed investment returns for July and August which were very good. He noted that the results for September were mixed month-to-date.

Mr. Herrington requested that Mr. Blomeley explain the “participant directed mutual fund” program of the FMPPF. Mr. Blomeley advised that this plan is for the defined contribution plans and whereas the Howey Police Pension Fund is a defined benefit plan, the plan is not available to Howey police officers.

Mr. Herrington also noted that a resident had inquired about fees for the FMPPF. He noted that based on his review of the reports, it appears that the fees for the large cap equity portion of the pension fund are 63.5 basis points. Mr. Herrington suggested that these fees appeared to be high. Mr. Blomeley advised that this portion of the fund has a performance target of the Russell 2000. Mr. Blomeley conceded that recently the performance has lagged the target. He noted that the FMPPF has some concerns regarding the high weighting of the high flyers and has purposely underweighted these securities. Mr. Herrington asked if the FMPPF has considered allocating a apportion of these equity funds to a passive manager such as the Vanguard Russell 1000 with fees of 8 basis points. Mr. Blomeley noted that over a complete market cycle, he was comfortable with the performance of the managers of the equity portion of the fund.

The Chief advised that all Board members have filed their Form 1.

The Board members discussed the independent performance monitor role for the Police Pension Fund. Mr. Stone noted that essentially the Board has delegated this role to the League and still has some concern regarding compliance with a requirement for a triennial review by an independent performance monitor.

The Chief advised that he would be requesting the actuarial study that is due for this year and he will notify the League. Mr. Blomeley noted that due to the recently imposed GASB requirement that plans be reviewed annually, the incremental cost of having an actuarial study performed annually is small.

The Chief noted that the annual insurance premium has increased to \$1,728 as a result of a larger plan balance.

The Chief note that the Premium Tax funds have been received in the amount of \$14,153.

The Chief noted that Officer Bannick has resigned and her contributions in the amount of \$2,124 were returned to her.

Chief Thomas noted that the Board needed to approve the 2021 Budget and FY 2020 Expenses. Mr. Herrington moved for approval and Mr. Purser seconded the motion which carried unanimously.

The Chief noted that the Board needed to approve the three items of the consent agenda as follows: (1) Stone & Gerken PA, \$506.25 legal fees, (2) Stone & Gerken PA, \$112.50 legal fees, (3) Florida Municipal Insurance Trust, \$1728.00, annual pension insurance premium. Mr. Purser moved for approval and Mr. Herrington seconded the motion. The motion carried unanimously.

The Chief requested Board comment from Board members. Mr. Herrington distributed a graph published by the Boston College Center for Retirement Research indicating a gradual trend of pension funds lowering their assumed rate of returns over the last 20 years. Since it is planned that the assumed rate of return for the Howey plan will be reduced, this action is consistent with national trends. Mr. Herrington is hopeful that this can be affected without increasing the current contribution of the Town. Mr. Blomeley noted that he estimated the plan return for this fiscal year will probably be about 5 percent, below the assumed rate of return of 7 percent. Mr. Stone noted that we may want to consider lowering the assumed rate of return in 10 basis point increments.

There being no other business before the Board, Mr. Purser moved for adjournment which was seconded by Mr. Herrington. The Chief adjourned the meeting at 5:06 pm.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'William Herrington', is written over a light yellow rectangular background.

William Herrington
Secretary

NOTICE OF MEETING

Howey in the Hills Municipal Police Retirement Board

Please take notice that the Board of Trustees of the Howey in the Hills Municipal Police Retirement Fund will conduct a **Meeting on September 24, 2020, at 4:00 PM at the Howey in the Hills Commission Chambers.**

AGENDA

Roll Call:

Guests:

1. Approval of minutes dated: June 18, 2020
2. Investment Reports: sent electronically
3. Attorney's Report (Kevin Stone):
4. Old Business:
 - A. File Form 1 with Supervisor of Elections
 - B. Independent Auditor review was confirmed via email
5. New Business: **Discussion & Action:**
 - A. I believe we are due for a new actuary this year
 - B. The Summary Plan Description is due for a legal review
 - C. Year End summary for period 10/1/2018 to 09/30/2019
 - D. Insurance renewal-
 1. Premium has gone up \$1728.00
 2. Due to the amount of money we have increased in the pension
 - E. Premium Tax Distribution was \$14,152.98. It was deposited by the Town.
 - F. Courtney Bannick left and was paid out was \$2124.27
 - G. 20/21 pension budget and 19/20 expenses- need approval
6. Consent Agenda / Bills and Expenses Paid:
 - Stone & Gerken PA, \$506.25 legal fees
 - Stone & Gerken PA, \$112.50 legal fees
 - Florida Municipal Insurance Trust, \$1728.00, pension insurance
7. Board Members Comments:
 - Bill Herrington-
 - Trey Purser-
 - John Hamelink-
 - Clay Ormsbee-
 - Rick Thomas-
8. Public Comment:

Adjournment:

VERBATIM RECORD:

PLEASE NOTE: IN ACCORDANCE WITH FLORIDA STATUTE 286.0105: ANY PERSON WHO DESIRES TO APPEAL ANY DECISION AT THIS MEETING WILL NEED A RECORD OF THE PROCEEDINGS AND FOR THIS PURPOSE MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE WHICH INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS BASED.

ADA COMPLIANCE: IN ACCORDANCE WITH FLORIDA STATUTE 286.26: PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE OFFICE OF THE CITY CLERK 111 N. PALM AVENUE HOWEY IN THE HILLS 34737, 352-324-2030, 48 HOURS IN ADVANCE OF THE MEETING