

Howey in the Hills Police Pension Board Meeting Minutes
February 4, 2021

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

**Others and Members of
the Public:**

Mr. Kevin Stone, (attorney with Stone & Gerken)
Mrs. Francesca Sabatini (attorney with Stone & Gerken)
Mr. Jeremy Langley, Florida League of Cities

Chief Thomas called the meeting to order at 4:00 pm. The meeting agenda is attached. The Chief requested a motion to approve the minutes of the 16 November 2020 meeting. Mr. Purser moved for approval and Chief Thomas seconded the motion which carried unanimously.

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

Mr. Kevin Stone advised that the summary plan description has been completed specifically noting some revisions required by the Internal Revenue Service. He reminded the Board that it is required that the Summary Plan Description be adopted and be distributed to all plan participants. He also noted a change required by the IRS allowing a portion of a participant benefits be applied to long term disability or health insurance benefits. Pursuant to Mr. Stone's request, M. Purser moved to accept the revised Summary Plan Description and Mr. Ormsbee seconded the motion which was approved unanimously.

Chief Thomas has requested modification of the plan to allow participation in the pension plan to be optional for the Chief. He noted that this may be beneficial if in the future the Town should elect to appoint a Chief that was not an employee of the Town. Mr. Stone advised that the Chief's participation is optional if allowed by the Plan sponsor. He noted that there was some concern regarding if in-service benefits are allowed by the Internal revenue Service if he continues to work for the Town. Also, there is some doubt regarding whether the Master Plan Document would permit this. Mr. Stone suggested that the Board may want a "No Impact Statement" from the actuary to confirm that this action would not adversely impact the pension plan. Mr. Ormsbee expressed some concern that there could be an adverse public perception. Mr. Herrington expressed concern regarding approval prior to receiving an actuarial impact statement. Mr. Langley noted that typically these plan documents permitting in service benefits normally are in effect on the date of the Chief is hired and not adopted retroactively.

Mr. Herrington moved that the Chief authorize the actuary to perform an impact study to modify the plan to allow the Chief the alternative to opt-out of the pension plan. Mr. Purser seconded the motion which was approved unanimously.

The Chief advised that based on inquiries by some police officers, the Board may wish consider a Drop plan sometime in the future.

The Chief advised that the police officers re-appointed the Chief as a member of the Board and also appointed Corporal George Brown to the Board at a meeting of police officers held last December.

The Chief advised that the League of Cities requires the Board formally adopt an “expected rate of return”. This is needed to complete the Annual Report. Mr. Stone discussed the difference of the “expected rate of return” and the “assumed rate of return”. He advised that expected rate of return should equal the return used by the actuary during the last actuarial study. Since the actuarial report will not be completed until after the Annual Report is due, the expected rate of return should equal the rate of return used by the actuary from the last actuarial study. Since the actuary used 7.0 percent in the last actuarial study, Mr. Herrington moved that the Board adopt an expected rate of return of 7.0 percent which was seconded by Mr. Ormsbee. The motion carried unanimously.

Chief noted that the League of Cities has cancelled the planned Pension Conference in Tallahassee because of Covid-19.

Chief noted the consent agenda only included one item from Stone & Gerken in the amount of \$281.25. Mr. Ormsbee moved for approval and Mr. Purser seconded the motion. The motion carried unanimously.

Mr. Langley reported that investment performance for the first quarter was very favorable with equity performance in the 15 percent range.

The Chief advised that a Town citizen questioned if the police should be in the Florida Retirement System plan. Mr. Stone noted that the pension plan would lose the State excise tax contribution. Mr. Langley noted that there would a loss in control since the Florida Retirement System would control all aspects of the pension plan. Mr. Langley also noted the FRS offers portability for public sector employees that transfer between public agencies.

During Board Member comments, Corporal. Brown noted that the officers may favor a DROP alternative for the Town’s police officers. The Chief advised that this would be considered at the next meeting.

There being no further business and upon a motion to adjourn was made by Mr. Ormsbee and the Chief adjourned the meeting at 5:10.

Respectfully Submitted,



William Herrington
Secretary