

Howey in the Hills Police Pension Board Meeting Minutes
June 23, 2021

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

Board Members Absent: Trey Purser

Others and Members of the Public: Mr. Sean O’Keefe (Town Finance Manager)

Chief Thomas called the meeting to order at 4:00 pm. The meeting agenda is attached. The Chief noted that the purpose of this meeting is a discussion of adopting a DROP for the Town of Howey.

The Chief requested that Mr. Herrington discuss the analysis that he had previously distributed to the Police Pension Board. Mr. Herrington advised that he was attempting to answer the question; (1) Is a DROP financially beneficial to the police officers. Pending review from other Board members, Mr. Herrington believes that a DROP plan is not beneficial financially to the police officers, resulting is about 2.6 percent less total compensation as opposed to not participating in a DROP.

Mr. Ormsbee advised that he wasn’t aware of any downside with the adoption of a DROP and indicated that if the policer officers favored adoption, he was not opposed based on the information available at this time.

Lt. Brown questioned some details regarding the calculation of the 2.6 percent reduction in the present value of benefits under DROP. This was explained by Mr. Herrington. Lt. Brown also discussed Mr. Herrington’s previously stated concern that adoption of a DROP may result in longer average employment thereby increasing the average age of the police force. Lt. Brown advised that the Florida Retirement System (FRS) has provisions that would reduce this exposure and possibly should be included in the DROP for Howey. Mr. Herrington noted he would review these provisions in the FRS plan.

Mr. Herrington also stated that he did not believe that the Town would incur any additional costs if a DROP was adopted and although this is in conflict with a statement in the FRS Actuarial Report for 2020 (page 11 Executive Summary) and a slide in the 48th Annual Police Officers and Fire Fighters Pension Conference presentation by Foster & Foster listing advantages and disadvantages of DROP’s. Mr. Herrington noted he wanted some additional assurance that adoption of a DROP would not result in additional expenses.

The Chief discussed various provisions in DROP as he understood them. It was noted that the FRS DROP contributes 1.3 percent interest on DROP balances. The Chief distributed information that he had acquired from the FRS DROP website.

The Chief discussed concerns that any enhancement in the Town's police pension plan may be resented by other Town employees. The Chief noted that state statutes provide for retirement plans for police officers and also noted that other Town employees have the opportunity to participate in the Town's deferred comp plan although most do not participate. Mr. O'Keefe advised that he was pursuing other retirement alternatives for Town employees.

Cost of living provisions in the FRS was discussed. It was noted that although the FRS had a COLA, it was abandoned in 2011. All employees hired since 2011 do not have any COLA benefits.

Mr. Herrington questioned who was eligible to participate in the DROP. The Chief advised that pending the outcome of the Opt-out alternative, he would probably participate in the DROP. He also noted that Officer Hamelink is probably eligible. Lt. Brown would not be eligible for several more years.

Lt. Brown repeated his prior contention that adoption of a DROP would be helpful in attracting new police officers.

Mr. Herrington stated that based on the information available to him at the current time and pending confirmation that adoption of a DROP would not increase pension plan expenses, he would not be opposed to adopting a DROP.

Lt. Brown distributed a copy of the Pensacola DROP that the Town may consider when drafting a DROP for Howey.

There being no further business, a motion to adjourn was made by Lt. Brown and the Chief adjourned the meeting at 4:50.

Respectfully Submitted,



William Herrington
Secretary