



Retirement Plan & Trust for Firefighters of the City of Clermont

DRAFT Minutes Quarterly Meeting

February 28, 2024

1. Chair Judd Lent called a Quarterly Meeting of the Firefighters Retirement Plan Board of Trustees to order at 9:00 AM on February 28, 2024 as a Workshop in Council Chambers at the Clermont City Hall. Mr. Baur called roll. Those persons present included:

TRUSTEES

Judd Lent, Chair
Katherine Falcon
Megan Robinson (Electronic out 9:30)
Ryan Moore, Secretary (9:45 AM)

OTHERS

Scott Baur & Kyle Tintle, Administrator (Resource Centers)
Bonni Jensen, Attorney (KKJL)
Mitchel Brennan, Investment Consultant, (BCA)
Chuck Landers, Auditor (Saltmarsh)
Nancy Zaccardi (City of Clermont, HR Manager)
Electronically:
Chuck Carr, Actuary (Southern Actuarial Services)
Nadine Ohlinger (City of Clermont, HR Director)

2. Extraordinary (Exigent) Circumstances for Trustees Joining Electronically

Trustee Megan Robinson joined the meeting electronically however there is not a quorum of 3 Trustees in the room, so no vote was taken. She attended the meeting for 30 minutes as she had a previous engagement.

3. Reports:

Audit, (Chuck Landers, Saltmarsh, Cleavland & Gund)

Mr. Landers introduced himself and his firm. He presented a preliminary draft of the audit report, presenting a clean unmodified opinion. Mr. Landers explained other matters not specifically included in the audit opinion. The plan ended the fiscal year 2023 with \$26,839,185 in total assets, up from \$26,133,142. The plan had \$489,524 receivables for the Chapter 175 premium tax receipt. He attributed the increase to positive investment experience. The plan has a decrease in benefit payments due to fewer DROP and Share distributions. Mr. Landers is also holding on GASB 67 and Share account update waiting for note disclosures. The plan has .30 bp administrative expenses and 11 bp investment expenses apart from mutual funds, very efficient in operation of the plan. The audit found no reportable instances of non-compliance.

Quarterly Investment Report: Investment Consultant, (Mitchell Brennan Burgess Chambers Association)

Mr. Brennan presented a market overview looking back at the quarter with a very narrow market, with the magnificent 7 still maintaining a disproportionate influence on the market. But he is glad to see signs of a broadening out of the market. Growth continues to outperform value. For the quarter ending on December 31, 2023, the plan was up \$2.5 million (8.0% gross – 7.9% net) with a value of \$33,311,085.

Mr. Brennan reviewed the 1-year numbers for the plan, which were positive 11.6% gross and 11.3% net compared to the bench at 13.2%. He reviewed the Polen Large Cap Growth CIT which beat the policy at 14.6% versus 14.2%. There was a brief discussion of Polen's performance. Mr. Brennan did not have any recommendation for Polen. He continued reviewing the investment results and the manager allocation. Mr. Brennan recommended the Board redeem 50% of Predex on the premise that the portfolio will have



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further write downs on property from an April 23 redemption. The net proceeds will go to the core bond fund. He also recommended investing \$1 million in the Fidelity Core Bond fund and \$300,000 to Cohen & Steers Infrastructure.

Ryan Moore made a motion to redeem 50% of the Predex fund and invest the proceeds in the Fidelity core bond fund. The motion received a second from Katherin Falcone, approved by the Trustees 3-0.

Ryan Moore made a motion based on the recommendation of the investment consultant to purchase \$1,000,000 Fidelity US Bond (ticker FXNAX) AND \$300,000 of the Cohen & Steers Global Infrastructure Fund (CSUIX). The motion received a second from Katherin Falcone, approved by the Trustees 3-0.

The City Manager noted the plan earned 7.5% so he questioned the reason state advised Board to lower the assumption. Mr. Brennan affirmed the returns are long term assumptions. The assets actually gained 9% for the trailing 5-years. Mr. Landers also noted inconsistencies in the state's response and made recommendations to local plans. An outside actuary prepares the letters. The state has accepted the reports. If the Board lowers the return assumptions the contribution rate will increase.

Chuck Landers departed the meeting at 10:29 AM

Actuary: Chuck Carr (Southern Actuarial Service)

Mr. Carr advised that the proposed ordinance does not have a cost impact. He opened a discussion on smoothing of assets. The fully recognized 2022 loss results in the total contribution requirements of 33.70% for the city after anticipated Chapter 175 premium tax receipts. The smoothing will stabilize contribution requirements in years with big gains or losses. Mr. Carr reviewed the 5-year smoothing starting in 2022. The city contribution will drop 14% for the fiscal year 2024 if the Board begins smoothing now. He then shared his thoughts on the impact on the plan to smooth or not to smooth. Ultimately the city must fund the money into the plan needed to pay benefits and expenses. Delaying needed contributions, however, has the impact of possible increases in the future contribution requirements as the plan loses the time value of the money. The Board should change methods only with some consistency. He recommended the Board not implement the smoothing method right now unless the contribution requirements create a crisis in the city. The contribution requirement is actually inline with contributions for recent years except for gains in 2021. Moreover, the city has a \$700,000 funding standard account available from a prior year excess contribution. To begin smoothing will create likely experience losses for the next several years. The City Manager asked how many other plans smooth. Mr. Carr has about 1/3 to 40% of his plans smooth. Clermont would prefer greater stability. The City Manager asked the Board to implement smoothing. Anything the city does to delay contributions today will make the pension cost more tomorrow. Judd Lent asked how the city intends to use the prefunded contributions. The City Manager was not willing to discuss how the city makes decisions. Mr. Carr also reviewed possible numbers to smooth over 3 years rather than 5 years. Katherine Falcon asked about the need for change. The City Manager emphasized the need for consistency.

Judd Lent called for a motion.

Katherine Falcon made a motion to adopt a 3-year smoothing method.



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The motion was amended.

Katherine Falcon made a motion to adopt a 5-year smoothing method.

The motion did not receive a second.

Mr. Carr shared that the Police Officers' Board adopted a 5-year smoothing method. The city's net 25.26% contribution decreased to 14.03% of pay. Fire would be just over 14% of pay.

Attorney: Bonni Jensen (Klausner, Kaufman, Jensen & Levinson)

Ms. Jensen reported a pending bill could reduce the Chapter 175 & 185 premium tax receipts in future years starting in 2025-2026. The bill came out of committee unusually late in the session. The city may lose \$394 in contributions offsets. The City Manager suggested the Board and fire members contact the state representatives as part of the governor's tax reform. The members gave up their portion of the premium tax receipt to the city. The City Manager asked if Ms. Jensen can help with the language of the letters. The bills do not maintain Chapter 175 or Chapter 185.

Ordinance 2303-03 was finalized with a not impact statement. The City Manager does not agree with the proposed ordinance as a change in policy, and the city does not recommend the ordinance to the City Council. Ms. Jensen, Ms. Ohlinger and Mr. Bulhuis discussed the details of the city workers' comp payments, which the city intends to change. Ms. Jensen noted pay 66 2/3% reduction for the member during workers' comp. The proposal allows members to make contributions on workers' comp payments. The City Manager emphasized the matter is a policy decision for the city. He insisted there is an impact to the city.

Ryan Moore made a motion to accept the proposed ordinance.

The vote was tabled until the next meeting.

Ms. Jensen provided a memo on filing of the annual form 1 financial disclosure electronically with the Florida commission on ethics. Mr. Baur noted the exception of confidential information for first responders. Salem Trust – TMI was acquired by Argent and an assignment & assumption was provided for the trustees to review.

Ryan Moore made a motion to accept the assignment and assumption for Salem Trust being acquired by Argent. The motion received a second from Katherin Falcone, approved by the Trustees 3-0.

Ms. Jensen informed the trustees that the IRS milage rate had been updated to \$0.67 a mile.

Administrator Report: Scott Baur (Resource Centers)

Mr. Baur reported that the biennial report was filed before the December 15th deadline. Mr. Baur reported the Soc 1 Type 2 audit as the Resource Centers successfully completed another internal audit. The 2023 SSAE-18 SOC 1 Type 2 Audit (aka SOC 1) reported by the auditor no exceptions, a completely clean audit report, which makes 16 years with the same results. The audit reviewed the internal controls and procedures established to avoid inadvertent errors and fraud. The auditor compares the controls and procedures to the actual workflow.



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4. Approval of Minutes:

The Trustees reviewed the Quarterly Board Meeting Minutes dated November 29, 2023.

Ryan Moore made a motion to approve the Quarterly Board Meeting Minutes dated November 29, 2023. The motion received a second from Katherine Falcon, approved by the Trustees 3-0.

5. Benefit Approval

The Board considered a benefit approval for a share distribution for Kathy Johnson and a vested deferred retirement for Kevin Peace.

Ryan Moore made a motion to approve the benefit approval dated February 28, 2024. The motion received a second from Katherine Falcon, approved by the Trustees 3-0.

6. Plan Financials

Mr. Baur presented the Board with the Interim Financial Statement dated December 31, 2023 for informational purposes. The interim financial statements were received and will be filed. He presented the Warrant dated February 28, 2024 for review.

Ryan Moore made a motion to approve the Warrant dated February 28, 2024. Judd Lent seconded the motion. The motion was approved by the Trustees, 3-0.

7. Other Business

The Resource Centers recently received the requested data from the city.

8. Public Comment

No members of the public had any comment.

There being no further business and the next meeting having been previously scheduled for May 22, 2024 at 9:00 AM. The meeting adjourned at 11:09 AM.

Respectfully Submitted,

Ryan Moore, Secretary