



City of Clermont
Retirement Plan and Trust for the Police Officers
DRAFT Quarterly Meeting Minutes
FEBRUARY 28, 2024

1. Jason Sayre called the meeting of the Retirement Plan and Trust for the Police Officers Board of Trustees to order at 11:21 AM, February 28, 2023 in Council Chambers at the Clermont City Hall. He called roll, there was a quorum. Those persons present included:

TRUSTEES

Jason Sayre, Chair
Jimmie Harper, Secretary
Kelly Cartier
Mark Marshall
John Baker

OTHERS

Scott Baur & Kyle Tintle, Administrator, Resource Centers
Bonni Jensen, Attorney, Klausner Kaufman Jensen & Levinson
Mitchel Brennan, Investment Consultant, BCA
Scott Borrer, Clermont Assistant Director of Finance
Nadine Ohlinger, Human Resources, City of Clermont
Brian Bulthuis, City Manager, City of Clermont
Drew Evans, Police Union Board
Electronically:
Chuck Carr, Actuary, Southern Actuarial Services

2. **Extraordinary (Exigent) Circumstances for Trustees Joining Electronically**

No Trustee joined the meeting electronically.

3. **Approval of the Minutes**

The Trustees reviewed minutes for November 29, 2023.

Kelly Cartier made a motion to approve the Minutes for November 29, 2023 as amended. Jason Sayre seconded the motion. The motion was approved by the Trustees, 5-0.

4. **Reports**

a) Actuary – Chuck Carr (Southern Actuarial Services)

Mr. Carr reviewed the revised October 1, 2022 valuation report following the 5-year smoothing, which are based on only smooth corrections from 80% to 120% of market value. The smoothing reduced the net required contribution rate by about 11% to 19.2% prior to the Chapter 185 premium tax receipts. Ms. Jensen advised a bill filed on February 15th addressing insurance premiums would reduce premium tax collection paid to Florida in future years. The excise tax could decrease in the fiscal year 2025 by about 25%.

b) Mitchell Brennan, Investment Consultant (Burgess Chambers Associates)

Mr. Brennan distributed a Market Overview for the fourth quarter of 2023. He discussed the inflation numbers and the charts; an end of the year rally was labeled a Santa Clause rally. The Fed projects 3 rate cuts this year; the market projects have tempered expectations down to 5 rate cuts. Mr. Brennan presented an investment summary for the quarter ending December 31, 2023. The assets returned \$2.3 million (+8.1% gross and +8.0% net), beating the policy which was at +7.9%. He reviewed the 1, 3, and 5-year returns. Polen Large Cap Growth CIT outperformed for the quarter at +14.6% versus +14.2% for the benchmark. Mr. Brennan does not recommend taking any more money out of Polen. Not holding Tesla harmed Polen in the past but helped them this quarter. He did recommend putting \$850,000 into Fidelity US Bond Index to take advantage of the higher rate of returns and putting \$150,000 into Cohen & Steers



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Global Infrastructure. Mr. Brennen also recommended 50% redemption from the PREDEX Fund based on further expected write down of properties by the manager; the next redemption queue is April 23, 2024.

Jason Sayre made a motion based on the advice of the Investment Consultant to add \$850,000 to Fidelity US Bond Index and \$150,000 to Cohen & Steers Global Infrastructure. Kelly Cartier seconded the motion. The motion was approved by the Trustees, 5-0.

Jason Sayre made a motion based on the advice of the Investment Consultant to reduce the PREDEX Fund by 50%. Jimmie Harper Cartier seconded the motion. The motion was approved by the Trustees, 5-0.

The city manager said he received a letter from the state on assumed rate of return (ARR). He said the state recommended lowering the ARR to between 5% to 6%. The plan's ARR is set at 7%. It was explained the letter from the state has been sent to most of the plans in Florida and is not a specific instruction for Clermont Police Officers' Retirement Plan. Mr. Brennan affirmed confidence in the current assumption rate. Mr. Carr noted inconsistencies in recommendations from outside actuaries. Ms. Jensen said the Board is required to make a motion on the actuarial valuation.

Kelly Cartier made a motion to approve the Actuarial Valuation as presented. The motion received a second from Jimmie Harper, approved by the Trustees 5-0.

Jason Sayre made a motion based on the advice of consultants; the Board expects to get a 7.0% rate of return for the next year, the next several years, and for the long term thereafter. The motion received a second from John Baker, approved by the Trustees 3-0.

d) Bonni Jensen, Attorney Report (Klausner Kaufman Jensen & Levinson)

Ms. Jensen presented an assignment and assumption for Argent Institutional Trust Company acquiring Salem Trust – TMI Trust Company. The update includes some mandatory updates as well.

Kelly Cartier made a motion to approve the execution of the assignment and assumption by Argent Institutional Trust Company, doing business as Salem Trust Company, a division of Argent Institution Trust Company. The motion received a second from John Baker, approved by the Trustees 5-0.

Ms. Jensen advised the Trustees must complete the annual form 1 financial disclosure online by July 1. She provided an update on the Operating Rules and Procedures. The inclusion of investing on pecuniary factors is important for investing and proxy voting. Ms. Jensen reviewed the updated items including: disability claims shall be reviewed an initial claim within a reasonable time period and eligible Public Safety Officers can exclude up to \$3,000 from gross income for tax purposes for the payment of health insurance premiums. Mr. Carr noted Rule 16, the interest calculation for the purpose of Credited Service, shall be the greater of the actual interest earned on plan investments or the actuarial AAR. Ms. Jensen discussed losing certification as a police officer by being out of service for 4 years by being out on a disability.



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Ms. Jensen provided a memo stating the updated IRS mileage rate for 2024 is \$0.67 per mile, up 1.5 cents from the prior year. She reviewed the policy regarding contractual provisions for investment managers.

e) Scott Baur, Administrator Report (Resource Centers)

Mr. Baur informed the Trustees that the biennial detail report required to comply with House Bill 3 was submitted in a timely manner. 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.

4. Benefits Approvals

The Trustees reviewed the benefit approvals for February 28, 2024.

Jason Sayre made a motion to approve the benefit approvals dated February 28, 2024. John Baker seconded the motion. The motion was approved by the Trustees, 5-0.

5. Audit Report – Chuck Landers (Saltmarsh, Cleavland & Gund)

Mr. Landers presented the fiscal year 2023 audit report and provided an overview of the firm. He presented a “preliminary draft” of the audited financial statements. He presented a clean (unmodified) opinion. He explained “other matters” including supplementary information which is not required. Mr. Landers reviewed the statement of fiduciary net position which includes receivables from a former member of the plan and the Fiscal Year 2023 (FY23) Chapter 185 premium tax receipts. The plan ended FY23 with \$28,839,185 in net assets, up from \$26,133,142 the previous year. Mr. Landers attributed the gain in net assets to positive investment results. He briefly addressed the notes. The actuary will update the total pension liability. The overall costs for the administrative expenses are very low. Mr. Landers reviewed financial controls and other matters and he did not identify any deficiencies in internal controls, material weaknesses, or instances of non-compliance.

6. Plan Financials

The Trustees received the interim financial statement for December 31, 2023. The Warrants for February 28, 2024 were reviewed by the Trustees.

Jason Sayre made a motion to approve the Warrant dated February 28, 2024. Jimmie Harper seconded the motion. The motion was approved by the Trustees, 5-0.

6. Other Business

Jason Sayre stated retiree Mr. Swanson receives a 10-year certain benefit and inquired why he does not receive a cost-of-living adjustment (COLA). Mr. Carr stated that a post-retirement benefit has a cost impact, and legal issues may exist. Ms. Jensen explained the statute providing additional compensation after service already rendered which requires a super majority of the City Council. She explained some ways other plans have provided a benefit increase to retired members. The plan has 31 retired members currently receiving benefits. An ad-hoc COLA seems counter intuitive following the Board action to adopt



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smoothing. Otherwise, a compounded automatic cost is the most prohibitive expensive benefit increase. Jason Sayre noted that the timing is not good, but with many young officers, the timing may be good to

consider. Mr. Carr explained he could produce a COLA study which may cost less than \$1,000. Ms. Jensen asked about an ad-hock increase for members compared to a new COLA benefit. Any benefit change would require an ordinance. John Baker asked if members might negotiate the benefit. The city manager suggested the officers could give some of their money to retired members. Ms. Jensen said FRS is looking to restore the COLA in the current legislative session. The city manager said a pay increase will also impact pensions. Mr. Carr explained a 1% COLA often requires 3% of pay additional cost. Jason Sayre agreed the benefit cost is prohibitive. He will call Mr. Swanson after consulting with the union.

7. Public Comment

Mr. Evans asked the actuary what the cost would be if the union asks for a higher than a 5% increase. Mr. Carr advised that the pension does not cost study increases. He explained how the city can eliminate at least the immediate cost to contributions for additional pay. Mr. Carr asked the Board to authorize him to complete additional work.

Kelly Cartier made a motion to authorize the actuary to produce requested cost studies for negotiations provided the Board receives a copy of the report. Mark Marshall seconded the motion. The motion was approved by the Trustees, 5-0.

Ms. Jensen discussed receivables for Jeremy Kevitt. She advised a suit to pursue repayment. A discussion was held on the possible costs of pursuing repayment, it might cost \$10,000 to \$15,000 and can be very difficult to collect. Mr. Kevitt is currently working. The Board considered the business aspects of the decision. The city manager said he will check with the city attorney. The Board tabled any action until the next meeting.

8. The next pension board meeting will be Wednesday, May 22, 2024 at 11:00 AM.

Jason Sayre made a motion to adjourn the quarterly meeting. Jimmie Harper seconded the motion. The motion was approved by the Trustees, 5-0.

9. Jason Sayre called the meeting adjourned at 1:32 PM.

Chair _____

Secretary _____

Date _____