



## P&F RETIREMENT FUND PB

# MINUTES



### City of Berkeley Council Chambers

8425 Airport Road  
Berkeley, MO 63134  
November 21, 2024  
11:25 a.m.

#### Attendance:

Jim Linhardt, Chairperson  
Art Jackson, Co-Chairperson  
Nathan Mai-Lombardo, City Manager  
Torenzo Ford, City Finance Director  
Bob Schneider, Trustee  
Elias Hindelehe, Trustee (via Zoom)  
Matt Leppert, Schuchat, Cook and Werner, Pension Fund Legal Counsel  
Barry Bryant, Dahab, Pension Fund Investment Consultant  
Michael Sudduth, Milliman, Pension Fund Actuary (via Zoom)

**Call to order:** The meeting was called to order at 11:25 a.m. by Chairperson Jim Linhardt.

**Roll call:** Chairperson Jim Linhardt conducted the roll call and declared that a quorum was present.

**Approval of minutes:** A motion was made by Co-Chairperson Art Jackson and seconded by Board member Bob Schneider to approve the minutes from the August 29, 2024 meeting, the closed meeting of August 29, 2024, and the Special Closed Meeting of September 26, 2024. The motion passed.

**Finance Director Report (Finance Director Torenzo Ford):** Finance Director Ford presented the unaudited financial reports for the fiscal year-to-date and the quarter ending September 2024 compared to the same periods ending September 2023. Pension Fund assets increased from \$15,301,088.11 as of September 30, 2023 to \$17,998,900.81 as of September 30, 2024. Finance Director Ford also presented the unaudited financial reports for the month of October 2024 compared

to October 2023 which showed the Pension Fund's assets increased from \$15,035,502.64 as of October 31, 2023 to \$17,473,154.77 as of October 31, 2024.

Finance Director Ford next reported that the City is continuing to wait for the new auditing firm, Clifton, Larson and Allen (CLA), to complete the 2022 and 2023 audits. None of the issues related in the delay of the audit relate to the Pension Fund. The current goal is for CLA to finalize both reports by the end of 2024 and present the reports at the February 2025 Pension Board meeting.

Finance Director Ford also reported that he received the form letter from the law firm and will be sending it to the terminated, non-vested participants who have not claimed their Return of Employee Contributions benefit.

The Trustees reviewed the Dahab bills for the fourth quarter of 2024 and the Schuchat, Cook and Werner bills dated September 4, October 8, and November 4, 2024. A motion was made by City Manager Nathan Mai-Lombardo and seconded by Board member Bob Schneider to approve and ratify the payment of these service provider bills. The motion passed.

**Investment Report (Barry Bryant):** Barry Bryant presented the Dahab Performance Report through September 30, 2024. For the quarter and the fiscal year-to-date ending September 30, 2024, the Pension Fund earned 5.9% (top 31% of plans) compared to the index of 6.0%. The median return for public plans was 5.4%. Barry reported that for the quarter, all areas of the markets did well except large cap stocks. Thus, the Pension Fund performed well because of its lower allocation (32%) to stocks via the Vanguard Large Cap Fund, which returned 5.8% (compared to the Large Cap Index of 5.8%). The Pension Fund's investments were led by the Vanguard Small Cap Fund, which returned 9.1% (compared to the CRSP US Small Cap Index of 9.0%), and the Vanguard Emerging Markets Fund which returned 9.3% (compared to the Emerging Markets Fund which was up 10.3% due to a timing issue with trading cut-offs). The PIMCO Total Return Fund has done well returning 5.4% (compared to the Aggregate Index of 5.2%). American Realty returned 0.3% (compared to the NCREIF Index of 0.3%).

**Trade recommendations:** Barry recommended that the Pension Board ratify a trade of selling \$600,000 from the Vanguard Large Cap Fund with the \$400,000 of the proceeds to be reinvested in the PIMCO Total Return Fund and the remaining \$200,000 in proceeds to be held in cash to fund benefit payments. A motion was made by City Manager Nathan Mai-Lombardo and seconded by Board member Bob Schneider to accept Barry's recommendation. The Motion passed.

Barry reported that the Fed cut interest rates in September 2024, which should continue into 2025. Since October 1, 2024, the markets have been down except for a short bump following the election. Domestic stocks have continued to outperform foreign stocks and fixed income. Dahab is expecting returns for the fourth quarter of 2024 to be negative.

**Benefit applications and appeals (Jim Linhardt, Ark Jackson, and Torenzo Ford):** The Pension Board reviewed an application from former Firefighter Tim Dial for a return of contributions benefit pursuant to Section 200.350.A of the City Code. Chairperson Jim Linhardt reported that Mr. Dial was employed as a Firefighter for only six months, is not presently an employee of the Fire or Police Departments, and is not eligible for any other benefits. After discussion, a motion was made by City Manager Nathan Mai-Lombardo and seconded by Board member Bob Schneider to approve Mr. Dial's application for a return of contributions benefit. The motion passed.

Torenzo reported that the Pension Fund has not received a response to the letter and a Return of Employee Contributions claim form that were sent to the son of the deceased, non-vested participant who may have been married in Egypt before his death regarding the previously reported unclaimed return of Employee Contributions benefit (estimated to be between \$5,000 to \$6,000). Co-Chairperson Art Jackson stated that he would attempt to reach out to the son.

Chairperson Jim Linhardt reported that the parents of Art Jefferson, a former Firefighter who left the Department in 2012, contacted him to report that Mr. Jefferson had died without a surviving spouse or children. Finance Director Ford noted that Pension Fund records do not show that Mr. Jefferson named a designated beneficiary or ever applied for any benefit from the Pension Fund. The parents asked if any benefits might be payable because of his death. Chairperson Jim Linhardt conferred with the law firm and then provided the parents with a copy of the Return of Employee Contributions claim form.

**Actuarial Report (Michael Sudduth at Milliman):**

**COLA Study:** Mike Sudduth reviewed his November 15, 2025 Cost-Of-Living (COLA) Study which was based on the July 1, 2023 Actuarial Valuation, dated August 22, 2024. Mike ran scenarios for a 1% COLA and a 3% COLA on both a one-time basis for current retirees and an ongoing basis for current and future retirees. As of July 1, 2023, the Pension Fund was 85.3% funded and had 47 retirees in pay status. A 1% One-Time COLA would cost the Pension Fund

\$10,884 and reduce the funding percentage to 84.9%. A 3% One-Time COLA would cost the Pension Fund \$32,652 and reduce the funding percentage to 84.1%. A 1% Permanent Annual COLA would cost the Pension Fund \$21,741,916 and reduce the funding percentage to 78.0%. A 3% Permanent Annual COLA would cost the Pension Fund \$25,488,516 and reduce the funding percentage to 66.5%.

Mike reported that contributions are down from approximately \$709,000 as of July 30, 2023 to \$405,000 as of July 30, 2024, which is less than the required contributions. Although some of the decline in employer contributions has been offset by investment gains, it may not be sufficient to offset further decline in the Pension Fund's funding status. Accordingly, Mike stated that he would not recommend the Board propose to amend the City Code to allow for any COLA. The Trustees agreed to take the COLA Study under advisement but would like to revisit the issue next year.

The Trustees also asked Mike how long it would take for the Pension Fund to see the impact of moving new members into LAGERS. Mike noted that it would take approximately ten years before any impact will be seen.

**2024 Actuarial Report:** Mike Sudduth reported that he will begin the 2024 Actuarial Report once the 2023 audit is finalized. If the audit is finalized by the end of 2024, Mike expects that the 2024 Actuarial Report will be circulated prior to and reviewed at the Board's next meeting. Mike also noted he did not include the GASB report which cannot be issued until the 2022 and 2023 audits are finalized.

**Legal report (Matt Leppert):** Matt Leppert presented the law firm's hourly fees for Employee Benefit Trust Fund work for 2025. The law firm charges the same hourly rates to all Trust Fund clients. A motion was made by City Manager Nathan Mai-Lombardo and seconded by Board member Bob Schneider to approve the law firm's 2025 rates. The motion passed.

**Adjournment:** There being no further business, at 12:16 p. m. a motion was made by Co-Chairperson Art Jackson and seconded by Bob Schneider to adjourn the meeting. The motion passed.