



P&F RETIREMENT FUND PB

MINUTES



City of Berkeley Council Chambers

8425 Airport Road
Berkeley, MO 63134
February 27, 2020
5:30 p.m. – 8:00 p.m.

Mike Williams
Mike Zwiener
Jim Linhardt
Bob Schnieder
Deborah Irvin, City Manager
Art Jackson
Emmalene Mitchell
Norm Shabbat, Senior accountant finance
Sophia Flynn
Kimberly Camp

5:30 p.m. called to order

Roll: a quorum was called.

Approval of minutes: passed out the minutes from May, August, and November 2019 meeting. Motion made to approve May30 2019 minutes, motion passed. August 29, 2019 motion passed to approve. November 21, 2019 minutes and motion passed.

On Jim Linhardt solicited two other Trustees to approve the Shaw benefit payment, Jim will check to see if paid.

The audit:

Mike Williams, attached to the minutes were excerpts from the City's audits.

The 2018 audit was completed by 2019. But the 2019 audit not completed until January.

The Pension tax is put in City bank account. The pension tax goes in city tax account. As the 2018 comment said 2018 not sufficient amounts remitted in the pension account.

Mike Z, why not transferred? We came into audit, a balance not transferred, thought about \$60 to 80K and in 2018 about \$100K. can you verify that the \$100K has been transferred? From end of 2019 about \$60 to \$80K of the pension tax money had not been transferred. We don't know if the amount transferred since July 1, 2019 has been transferred.

Norm said that he has been handling the pension tax transfer and that he has done this since July 2019. Norm and Mike William will work together to get the remaining balance of the pension tax transferred to the Pension account. Is the June 30, 2019 audit complete?

Yes.

Mike Williams passed out the pension portion of the 2019 audit. \$118K in cash included pooled cash in the city and total cash invested.

Page 19, additions and deductions. Pension tax \$599,545 and Employee contributions of \$147,986. Mike Z says that this number looks right.

Summary off U.S. bank statements.

Ms. Williams under deductions, what are "other,"? we don't know. Could be the conference.

Page 33 are notes. No changes.

Page 35 information from Milliman with discount rate, changes in net pension liability which is \$!7.658M and assets are \$13.789 with a difference of \$3.779 million.

An actuarial report showing impact of 1% change in actuarial assumption.

Page 54 is a 5-year summary of liability and assets.

Mike Z, ER contributions shows the impact of the pension tax increase starting in 2017, why did \$599,545 drop from \$655K? Mike Williams, this is just the fluctuation in taxes.

Mike W, this is regardless of whether the monies are transferred.

Barry B, the City does not have a liability to the Pension Plan but the City owes money? Mike Williams said that the blended account has both funds, which is in conformity with Government accounting standards.

Last sheet, a repeat of last year, a reminder to the City to transfer. What is the status of Pension books?

Debbie Irvin, not coming to the meeting, when Keidra left, notes came out, not doing as well as led to believe. Jim L said everything is okay. Barry B met with Keidra, great conversations, our finance department almost collapsed, Norm opened up some things that he did not know and the BOT didn't know. Debbie reached out to Mike Williams, no one knew a problem. We have to dig back to 2017 to find the money, haven't touched the pension plan.

Kimberly is competent and qualified. Kimberly is trying to fix the errors. Norm has been working with every vendor to balance out. By the next month, we hope to balance out 2017.

No indication that Keidra was stealing. It is just that the numbers were not being allocated properly. Only learned from vendors not being paid.

By the May 2020 meeting, Ms. Irvin will have the quarterly reports. Who will be the contact person and direct payment? This will be Kimberly Camp, Interim director of finance. The form says Linhardt, Art will be added, and Kimberly will take Keidra's place. Kimberly will assume the duties of the Finance Director.

We intend to leave the Pension Plan with U.S. Bank.

For the time being, Barry will deal with Jim L and when Kimberly is appointed, Barry will deal with Kimberly.

Ms. Irvin said that in 2015, the Mayor appointed an audit committee to meet with the outside auditor without the City Council.

Ms. Mitchell said that at one time audit reported to whole counsel, and wants this done.

Ms. Irvin, some unfinished business, go over with Kimberly the pension duties of the finance director. Will send the 2018 and 2019 audit.

Jim L will forward the list of job duties of the pension director.

5. report of plan actuary. Mike Z, passed out the report. The actuary is an expensive budgeter, the purpose is to determine plan costs and allocate, two major components, the recommended contribution and the funded status,

The two components is how much money on hand which we get from audit firm. As of June 30, 2019, it was \$13.78M. amount not allocated is not material.

Review current actives and retirees.

Page 2 is ER contribution which is the pension tax. The EE contributions were about \$147K. this is less than actuarial determined contribution, it kept up short but is improving.

Applaud the city to approve the pension tax.

The plan assets, we make funding assumptions, members benefit is not like 401k with an account balance. You have the defined benefit.

Page 8, this is the guts of where recommended contribution comes from. Total value of future benefits is \$21.097.

Page 7, we look at funded status of plan which improved to 82% as of July 1, 2019 from 78% as of July 1, 2018.

All things considered the plan is reasonably well funded.

6. investment report of Barry Bryant:

Dahab does not generate or spend the pension money. It is just a cash flow, our job to say how to invest. Barry makes out the trade tickets for the City and she sends to U.S. bank to execute. It is getting trade tickets signed. Also monitors the cash balance.

There is \$550K in cash and only needs \$350K. Barry will work with Kimberley.

We are a non-discretionary advisor.

Barry presented this report. This portfolio has below average risk. 4th quarter was outstanding.

The economy is ticking along. It is not booming. It is growing at same rate at Obama which is below long-term growth for 50 years. The unemployment rate is booming.

Inflation, this is the puzzle, inflation is muted so that federal reserve able to not raise interest rates. For the quarter, Russell 3000 increased 9%.

Page 8 Barry reviewed asset allocation. As of December 31, 2019, total assets were \$14.057 million.

Page 9 shows performance. For the quarter, the PP returned 5.6% which was in the top 36%. For calendar year, earned 18.9%.

The first quarter will be ugly.

Barry said that he typically gives rebalancing, but right now close to targets.

The market was down a little in January, up in February, and down in February.

Market is down 8%. Probably a decline of 5%. Dahab thinks in the bottom of this.

Dahab is not recommending any changes and ride through volatility.

Report of U.S. Bank (Sophia Flynn).

Custodian since 1992. We have a team. An account manager is day to day contact. Sophia is relationship manager. We've had turnover in account manager role.

A suggestion on account balance, give Kimberly to have "pivot access" which is on line account and can set up for training for mutual funds.

Barry recommends "pivot access."

The good thing about paper is the signature on the authorization. Barry says let's stick with the current system.

\$600K is a lot of cash. Now that we have Kimberly, we'll work to get the cash coming in. we anticipate the tax money coming in.

Barry said that he will monitor the cash and make investment recommendations. Barry has a spread sheet with accounts and looks at targets, and picks the asset most below the target and he invests on this basis and writes out a trade ticket.

City manager Irvin asked what it is the time frame to execute the ticket? Barry said should sign it and get it in right away, and to get two signatures.

U.S. bank also issues benefit payments.

Chief Linhardt asked norm on approval of pension plan expenses > this is authorized by the city and then paid.

Motion was made to allow Kimberly to have pivot access at U.S. bank. The motion passed.

Norm would like access to pivot. Jim will authorize this.

Ms. Mitchell, asked if the account overdrawn is there a fee? No.

7. benefit refund application.

One fireman left on November 25, 2019, Joseph Sughero, non-vested, here two years, Jim L said he'll need finance to issue a refund. Jim asked for a motion to approve Sughero's pension application; move made to refund two-thirds contribution. The motion passed.

Retired police officer William Morris passed away. Mr. Morris was married. Norm will contact to U.S. bank. Kimberly will call Milliman for the survivor spouse benefit.

11. secretary to pension plan. Mr. Irvin is working on this.

Motion to adjourn at 7:20 PM