



P&F RETIREMENT FUND PB

MINUTES



City of Berkeley Council Chambers

8425 Airport Road
Berkeley, MO 63134

May 29, 2025

11:08 a.m.

Attendance:

Jim Linhardt, Chairperson
Art Jackson, Co-Chairperson
Sue Ann Nelson, Acting City Finance Director
Bob Schneider, Trustee
Elias Hindelehe, Trustee
Matt Leppert, Schuchat, Cook and Werner, Pension Fund Legal Counsel
Tom Donegan, Dahab, Pension Fund Investment Consultant
Michael Sudduth, Milliman, Pension Fund Actuary
John Ertl, Retired Participant
Captain Evelio Valdespino, Active Participant
Captain Jules Alligood, Active Participant

Call to order:

The meeting was called to order at 11:08 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 February 27, 2025 meeting. The motion passed.

Finance Director Report (Acting Finance Director Sue Ann Nelson):

Ms. Nelson presented the unaudited financial reports for the fiscal year-to-date and the quarter ending March 31, 2025 compared to the same period ending March 31, 2024. Pension Fund assets increased from \$17,459,187.46 as of December 31, 2024 to \$17,808,693.83 as of March 31, 2025. Ms. Nelson also presented the unaudited financial reports for the month of April 2025 which showed the Pension Fund's assets increased to \$17,901,202.22 as of April 30, 2025. Ms. Nelson reported that to date the City has caught up on making more than \$800,000 in employer contributions to the Pension Fund. In addition, the City has started making monthly employer contributions to the Pension Fund. She noted that the City had to stop payment and reissue two checks to two retired participants.

Ms. Nelson next reported that the City's 2022 fiscal year audit was finalized and was presented and approved by the City Council. The 2023 fiscal year audit also been completed and is expected to be presented to the City Council. The 2024 fiscal year audit is expected to be finalized in June or July 2024. None of the issues related in the delay of the audit relate to the Pension Fund. Ms. Nelson agreed to send a copy of the 2022 fiscal year audit to the Board.

The Trustees reviewed the Dahab bills for the second quarter of 2025, Milliman's invoices for the period from July 31, 2020 through February 28, 2025, the Schuchat, Cook and Werner bills dated February 28, 2025, March 31, 2025, and April 30, 2025, and U.S. Bank's administration fees for the months of February through April 2025. A motion was made by Board Member Bob Schneider and seconded by Board member Elias Hindelehe to approve and ratify the payment of these service provider bills. The motion passed.

Investment Report (Tom Donegan):

Tom Donegan presented the Dahab Performance Report through December 31, 2024. Tom first reviewed Dahab's market comments noting that GDP for first quarter of 2025 was down -0.3% compared to 2.4% in prior quarter due to imports made in anticipation of and in reaction to the current administration's proposals on tariffs. It is unclear whether the proposed tariffs will survive court challenges but if they do it is possible the economy could experience stagflation (little to no growth coupled with high inflation). At present, however, the US economy remains resilient and is showing no serious signs of a recession.

The US dollar, however, was weaker by about 4% and markets were unsteady in the first quarter due to the tariff threat. US equities, especially growth stocks and small cap stocks across all sectors, saw significant losses. The weaker dollar resulted in positive Emerging and Developed Market Returns. Real estate was flat; however, excluding office space, real estate has started to regain its footing. Fixed income returns were driven by interest rates.

Tom then reported that for the quarter ending December 31, 2024, the Pension Fund earned 0% (top 60% of plans) compared to the index of -0.6%. For the fiscal year-to-date ending March 31, 2025, the Pension Fund earned 4.8% (top 32% of plans) compared to the index of 4.6%. As of March 31, 2025, the Pension Fund's portfolio was valued at \$17,752,722 which was up from \$17,384,743 as of December 31, 2024 due to the additional Employer contributions and income offsetting investment losses.

Tom next reviewed the quarterly performance of the Pension Fund's investments. The PIMCO All Asset Fund, representing 4.4% of the Pension Fund's portfolio, was up 3.4% (compared to 0.1% for the 60 W 40 GloAgg Index) and continues to provide necessary diversification for Pension Fund's portfolio. The Vanguard Large Cap Fund, representing 28.4% of the Pension Fund's portfolio, was up -4.4% (same as the Large Cap Index). The Vanguard Small Cap Fund, representing 10.8% of the Pension Fund's portfolio, was down -7.3% (compared to -7.4% for the CRSP US Small Cap Index). The Vanguard Developed Markets Fund, representing 13.8% of the Pension Fund's portfolio, was up 6.9% (compared to 5.8% for the Blended Index) due to exposure to China and Europe. The Vanguard Emerging Markets Fund, representing 4.9% of the Pension Fund's portfolio, was up 2.1% (compared to 1.25% for the Emerging Markets Index). The American Realty Fund, representing 7.7% of the Pension Fund's portfolio, was up 1.1% (compared to 1.0% for the NCREIF Index). The PIMCO Total Return Fund, representing 25.2% of the Pension Fund's portfolio, was up 3.6% (compared to 2.8% for the Blended Index).

Trade recommendations: Dahab had no trade recommendations at this time. The Pension Fund currently has \$813,796 in cash which should be sufficient to pay benefits at this time.

Benefit applications and appeals (Jim Linhardt and Art Jackson):

Co-Chairperson Art Jackson reported that the Pension Fund still has not received a response to the letter and Return of Employee Contributions claim form that were sent to the son of the deceased, non-vested participant who died in 2023 and who may have been married in Egypt before his death. Mr. Leppert explained that under Section 200.333.B.2 and Section 200.350 of the City Code and the IRS' required minimum distribution rules, if the participant was married at the time of his death his surviving spouse would be his sole beneficiary and she may wait to elect a benefit until the later of the date the participant reached or she reaches the "applicable age," which under Section 401(a)(9)(C)(v) of the Internal Revenue Code and IRS Regulations is based on the participant or spouse's date of birth. If the son is the participant's sole beneficiary, then under Section 200.333.B.2 and Section 200.350 of the City Code and the IRS' required minimum distribution rules, payment must be made to him within five years of the participant's death. Ms. Nelson reported that the son has been sent several letters encouraging him to file a claim for death benefits and she will continue to do so.

The Pension Board reviewed the applications of three non-vested terminated participants who had applied for the return of Employee contributions benefit: Joseph Edwards, Travis Ennis, and Brenden Rydberg. A motion was made by Art Jackson and seconded by Bob Schneider to approve the applications. The motion passed.

Actuarial Report (Michael Sudduth at Milliman):

Mr. Sudduth was not in attendance; however, Mr. Leppert reported that Mike Sudduth said that expects that the GASB Reports for 2022 through 2024 and the 2024 Actuarial Report will be presented at the Board's next meeting.

Old business/new business:

Mr. Leppert reported that on April 29, 2025, the Pension Plan sent a letter to John Ertl, who in March 2021 began receiving service-related Disability Pension Benefits after it was determined he was incapable of performing any of his duties as a firefighter, requesting that he provide information related to his ability to perform any occupation or employment since March 2023 such that he was and remains eligible for service-related Disability Pension Benefits. The letter also requested Mr. Ertl provide information as to whether his two remaining workers' compensation claims had been resolved. Mr. Leppert reported that Mr. Ertl had provided most of the information requested except for his 2023 and 2024 tax

records. Mr. Ertl stated that he has not worked in any employment since he began receiving service-related Disability Pension Benefits and would provide his tax records as soon as possible.

Jim Linhardt then asked for a motion to close the meeting for a Closed Session to consider John Ertl's continued eligibility for service-related disability benefits at 12:00 p.m. Elias Hindelehe the motion and Bob Schneider seconded the motion. All were in favor, none opposed. The Board re-entered the meeting at 12:14p.m.

Following the closed session, Mr. Leppert informed Mr. Ertl that the Trustees agreed that he was eligible for continued service-related Disability Pension Benefits, without a reduction for his workers compensation settlement, under the "incapable of performing any occupation or employment" standard in Section 200.240.A.1 of the City Code contingent upon him providing copies of his 2023 and 2024 tax returns

Adjournment:

There being no further business, at 12:14 p.m. a motion was made by Co-Chairperson Art Jackson and seconded by Bob Schneider to adjourn the meeting. The motion passed.