Officers & Employee Fund

Members: Dolores Martinez [Mayor's Proxy], Steve Karnat, Lester Kissinger Jr, Jamar Kelly, Maria Rodriguez, Karen Gassert
Staff: Joe Rudolf (solicitor), Lilliana Castillo

January 18, 2023 1:30 PM

Location: Penn Room & Virtual

Board Meeting Minutes

Call to Order __1:36pm__

- **PRESENTER/GUEST**

- **MINUTES**
  - Approve December 2022 Minutes

	Yes	No	Abstain
Dolores Martinez	☒	☐	☐
Jamar Kelly	☒	☐	☐
Lester Kissinger	☒	☐	☐
Steve Karnat	☒	☐	☐
Maria Rodriguez	☒	☐	☐
Karen Gassert	☒	☐	☐

- Motion to approve made by Lester Kissinger, 2nd by Maria Rodriguez. (6y/0n)

- **FINANCIAL REPORTS**
  - Wells Fargo Commercial as of 12/31/2022
  - Financial Report as of 11/30/2022
  - UBS investment as of December 2022
  - UBS 401K as of December 2022

	Yes	No	Abstain
Dolores Martinez	☒	☐	☐
Jamar Kelly	☒	☐	☐
Lester Kissinger	☒	☐	☐
Steve Karnat	☒	☐	☐
Maria Rodriguez	☒	☐	☐
Karen Gassert	☒	☐	☐

- Motion to approve made by Maria Rodriguez, 2nd by Lester Kissinger. (6y/0n)

- **BILLS**
  - ADP processing charges period ending 12/31/2022 - $947.74
  - Clark Hill professional services for December 2022 - $525.00
  - 4th QTR Pension Salary 10/1/2022-12/31/2022-$5,624.03
  - 4th QTR Medical Deductions 10/1/2022-12/31/2022- $8,945.28
  - 4th QTR Postal Reimbursements 10/1/2022-12/31/2022- $66.73

Sub-total: $16,108.78

	Yes	No	Abstain
Dolores Martinez	☒	☐	☐
Jamar Kelly	☒	☐	☐
Lester Kissinger	☒	☐	☐
Steve Karnat	☒	☐	☐
Maria Rodriguez	☒	☐	☐
Karen Gassert	☒	☐	☐

- Motion to approve made by Maria Rodriguez, 2nd by Lester Kissinger. (6y/0n)

- **CORRESPONDENCE** –

- **REFUNDS/ROLLOVERS**
  - *Application for Refund*:

➢ Selentine Varner hired on 4/16/2021. Separated on 12/30/2022

Rollover Amount =	**$2,432.26**
Less 20% taxes	**$486.45**
Distribution Amount	**$1,945.81**

➢ Natanael Rivera hired on 1/6/2020. Separated on 12/8/2021

Rollover Amount =	**$3,717.92**
Less 20% taxes	**$743.58**
Distribution Amount	**$2,974.33**

	Yes	No	Abstain
Dolores Martinez	☐	☐	☐
Jamar Kelly	☒	☐	☐
Lester Kissinger	☒	☐	☐
Steve Karnat	☒	☐	☐
Maria Rodriguez	☒	☐	☐
Karen Gassert	☒	☐	☐

- Motion to approve made Lester Kissinger, 2nd by Karen Gassert. (5y/0n)

- **APPLICATIONS**
  - Kim Brautigan Hired on 7/19/2010, retiring as of 1/6/2023. 12 Years of Service
    Monthly- $1,484.25 Annually-$17,810.95

	Yes	No	Abstain
Dolores Martinez	☒	☐	☐
Jamar Kelly	☒	☐	☐
Lester Kissinger	☒	☐	☐
Steve Karnat	☒	☐	☐
Maria Rodriguez	☒	☐	☐
Karen Gassert	☒	☐	☐

  - Motion to TABLE Mr. Brautigan application made by Lester Kissinger, 2nd by Karen Gassert for additional time to research pending matter. (6y/0n)

  - Brian R. Stufflet hired on 11/27/2001, retiring as of 1/17/2023. 21 Years of Service
    Monthly- $1,643.03 Annually- $19,716.32

  - Deborah Palm vested on 12/31/2010 with 16 years of service. Eligible on 1/30/2023
    Monthly- $1,158.75 Annually- $13,904.98

	Yes	No	Abstain
Dolores Martinez	☒	☐	☐
Jamar Kelly	☒	☐	☐
Lester Kissinger	☒	☐	☐
Steve Karnat	☒	☐	☐
Maria Rodriguez	☒	☐	☐
Karen Gassert	☒	☐	☐

  - Motion to approve made by Lester Kissinger, 2nd by Maria Rodriguez. (6y/0n)

- **DISABILITY APPLICATION** - None

- **OLD BUSINESS** –
  - Employees who are injured at work and have received workers comp are inquiring if they can buyback that time?
  - ➢ Solicitor confirmed it requires a Collective Bargaining from the City and the Union. Under the ordinances it states members not receiving pay from the City do not get any credit for retirement. The ordinance does not permit buyback.

- We would need to amend the ordinance. It is not permitted under the existing ordinance.

- **NEW BUSINESS-**
  - Employees are seeking information regarding the benefits of the New Officers & Employee Define Pension plan. Joe will reach out to HR. Pension office can create a Q&A summary document.

- **INFORMATION**
  - MMO deposit for January 2023 - $271,839.00
  - O&E outstanding taxes with the IRS have been resolved.
  - Michael Najarian hired on 7/2/2008, vesting as of 12/31/2022. Eligible on 12/27/2026
    Monthly-$1,195.08 Annually-$14,340.91
  - Carl Long hired on 10/2/2006, vesting as of 12/2/2022. Eligible on 12/2/2039
    Monthly-$1,285.09 Annually-$15,421.07

- Auditor general conducted an exit interview with City officials. There were 2 findings, 1 verbal observation, 2 comments and actions to take place for the Officers & Employee Pension Fund.

- **Finding #1 NONCOMPLIANCE WITH PRIOR AUDIT RECOMMENDATION- INCORRECT DATA ON CERTIFICATION FORM AG 385 RESULTING IN AN OVERPAYMENT OF STATE AID**
  The City of Reading agrees with this finding. The employee that was incorrectly certified on the 2020 personnel roster was a RAWA employee. The City will obtain, at least annually, payroll reports from RAWA and will inquire with RAWA Human Resources, if needed, on employee terminations that could affect the City's annual O&E DBP AG-385 personnel roster.

- **Finding #2 NONCOMPLIANCE WITH PRIOR AUDIT RECOMMENDATION- FAILURE TO IMPLEMENT MANDATORY PROVISIONS OF ACT 205 (ADOPTING PROCEDURES FOR PROCUREMENT OF PROFESSIONAL SERVICES CONTRACT IN ACCORDANCE WITH ACT 44)**
  The City of Reading agrees with this finding. While the City has not pursued selection of vendors for pension-related professional service contracts since at least 2020, the City has begun, in December 2022, the process to get resolutions in place for each of the City's defined benefit pension plans and the deferred compensation plan. Currently, only the City's Police DBP has such resolution in place. The Director of Finance will work with the Aggregated Pension Board to get such resolutions in place as applicable. The Aggregated Pension Board will oversee the work of the Director of Finance.

- **Verbal Observation #1 CITY OFFICIALS SHOULD MAINTAIN COPIES OF ALL VESTED PENSION CALCULATIONS FOR ALL VESTED MEMBERS**
  The City of Reading appreciates this observation. The Pension Coordinator has an excel spreadsheet for each company code listing all vested employees, however, before the current Pension Coordinator started employment, there are four outstanding employees who do not have a vested packet. Our previous actuary does not have information on them either. The Pension Coordinator will continue to do some research as time permits and complete those. Additionally, the Pension Coordinator will periodically check if any vested members, who have never elected to collect, are deceased. The Director of Finance will oversee the work of the Pension Coordinator.

- **Comment 1-CODING FOR MEMBER CONTRIBUTIONS SHOULD BE PERIODICALLY CHECKED TO MAKE SURE THAT THE CORRECT PERCENTAGE AMOUNT IS BEING DEDUCTED FROM GROSS PAY**
  The City of Reading appreciates this comment. All union employees' percentages on pension contributions are based off of their current collective bargaining agreements. Periodically, the Pension Coordinator will refigure union members' contributions, and non-union members' contributions to ensure that they are correct. If there are errors, the Pension Coordinator will correct them. The Director of Finance will oversee the work of the Pension Coordinator.

- **Comment 2- GOVERNING DOCUMENT (ORDINANCE) OFFICIALLY CLOSING THIS PLAN TO ANY NEW MEMBERS SHOULD BE ADOPTED**
  The City of Reading appreciates this comment. The Director of Finance will work with the Aggregated Pension Board and/or City Council as appropriate to get such Ordinance drafted and executed.

  - **<u>PUBLIC COMMENT</u>**
    - The Passing of Frank Denbowski

  - **<u>ADJOURNMENT</u>**
    - Motion to adjourn made at 2:38pm made by Lester Kissinger, 2nd by Karen Gassert. (6y/0n)