

# Eden Prairie Firefighter Relief Association

January 2018

January 25, 2018

## **INVESTMENT COMMITTEE:**

The Eden Prairie Firefighter Relief Association (EPFRA) Board of Trustees met with our investment advisors from Wells Fargo prior to the regular meeting of the Board. Year ending 2017 market value of investments was \$22,486,858. Assets at the beginning of 2017 were valued at \$20,034,412. Return on investment for the year was 13.72 percent (net of fees). In the fourth quarter all asset classes had gains but real assets and alternative investments lagged equities, especially growth and emerging market equities. Active managers more commonly outperformed passive managers. Fourth quarter adjustments to our portfolio included selling the US small cap index fund and investing in an actively managed US small cap fund; reducing equities by \$650,000 in December and adding to fixed income (after a similar move of \$450,000 in August) to rebalance the portfolio; and reduced REITs by \$200,000 which was added to alternative investments in December.

The portfolio asset allocation is as follows:

Asset Class	Current allocation %	Target Allocation %
Fixed Income	36	35
Equities	47	45
Real Assets	6	10
Alternative Investments	11	10

Wells Fargo's strategy going into 2018 reflects an expectation of positive, but modest, gains in equities; periodic rebalancing from equities to other asset classes, in part, to protect against the possibility of a large loss; and adding to active management in the equity portion of the portfolio. Emerging markets are an area of potential growth. The likelihood of increasing interest rates could negatively impact bond values.

**REGULAR MEETING:**

Trustees in attendance: George Esbensen, Tom Wilson, Glenn Toewe, Mike Luger, Colin O’Brien, Ron Case, Sue Kotchevar, Eric Hayes. Aaron Casper, Travis Dahlke and Phil Skeie were also present.

The regular meeting of the EPFRA Board of Trustees was called to order by President Luger at 5:37 PM.

The meeting minutes from the December 14, 2017 EPFRA Board of Trustees meeting were reviewed. A motion to accept the minutes was made by Mr. Hayes. Mr. Esbensen seconded the motion. The minutes were approved by unanimous voice vote.

**Officer’s Reports:**

President: See legislative update below

Vice President: Received a bid from Sidekick for archiving EPFRA records that need to be permanently stored. Secretary: No report Treasurer:

Accounts:

Special Fund	\$95,205.62
General Fund	\$ 6,057.78

Accounts payable: FTD.com \$117.98 for flowers

Accounts Receivable: City of Eden Prairie \$428.63 for firefighter dues

Working on getting online pay stub access through ADP for retirees.

### **Unfinished Business:**

Mr. Hayes and Mr. Luger, along with Mr. Phil Jones, attended the statewide fire relief working group meeting on January 17, 2018. Mr. Luger reported that two concerns brought forward at the meeting are raising the lump sum maximum to \$15,000 per year and the ability for fire relief associations to increase pension payouts without municipal approval when a certain set of requirements are met. This has led to concerns being raised by several cities as well as the League of Minnesota Cities. The result of the next meeting to be held on January 31, 2018 will determine how the EPFRA proceeds in our attempt to increase the lump sum benefit and change the vesting schedule for active members who take their lump sum benefit once eligible but want to remain on the fire department as allowed by state statute. The decision as to whether the EPFRA pursues a stand alone bill or remains apart of the pension bill sponsored by the working group will be made after the next working group meeting on January 31.

Mr. Hayes discussed the bid for archiving our permanent record storage on hard drive received from Sidekick. The bid received from Sidekick Inc. estimates 17 boxes of data at \$129.99/box, 21 hours of labor at \$25/hour, and a two terabyte hard drive at \$100.00 for an estimated total cost of \$2,834.83. A motion was made by Mr. Case to accept the bid from Sidekick and proceed with archiving on a separate hard drive to protect the permanent EPFRA records that are to be kept as required by the State at the quoted rate (per box). After discussion, Mr. Wilson and Mr. Toewe were directed by the Board to preview the records to be archived before beginning the archival process with Sidekick to control costs. Mr. Esbensen seconded the motion. The motion was approved by unanimous voice vote. The actual cost of the process will be determined by the number of boxes, provided by the vendor, that are sent out for processing.

### **New Business:**

Mr. Toewe provided a powerpoint presentation on the duties of the Treasurer in the areas of accounting, including receivables and payables, and account management of the general and special funds; independent financial audit; IRS filings, including 1099s and 1099Rs; sending reports and schedules to the State of Minnesota in a timely manner including required filings of nonprofit status and Economic Interest Disclosure Statements of Board members, audits, actuarials, and bylaw changes. Mr. Wilson will provide a presentation on the duties of the Secretary at the February Board meeting.

Next meeting of the Office of the State Auditor's Statewide Fire Relief Working Group will be on January 31, 2018. A new letter of support from the Eden Prairie City Council will be needed as a part of the lump sum bill going forward. This item will be added to the consent calendar of the next City Council meeting.

The next regular meeting of the EPFRA Board of Trustees will be held on February 22, 2018 at 5:30 PM in the office of the EPFRA.

A motion to adjourn the meeting was made by Mr. Esbensen. Mr. Hayes seconded the motion. The motion was approved by unanimous voice vote and the meeting was adjourned at 6:38 PM.

Respectfully submitted,

Tom Wilson, Secretary EPFRA Board of Trustees



