

**CITY OF ST. CLOUD**  
**GENERAL EMPLOYEES' PENSION BOARD MEETING**  
**MINUTES**  
**Tuesday, February 12, 2019 - 1:30 P.M.**

**Members Present:** Nadine Zilke, Art Lee, Scott Kaplan, James Reus, Scott Stoll, Donna Cooley, and Brian Liotta

**Members Absent:** None

**Plan Attorney:** Scott Christiansen

**Plan Consultant:** Dave West, AndCo Consulting

**Investment Managers:** Richelle Hayes, American Realty and Greg Peters, Dana

**Plan Actuary:** Doug Lozen, and Braeleen Scott with Foster & Foster

**Pan Administrator:** Shelly Baumann

**City Staff:** None

**CALL TO ORDER/ ROLL CALL**

Chairman Nadine Zilke called the meeting to order at 1:30 p.m. There was a quorum with seven (7) members present.

**ANOUNCE RESULTS OF ELECTION OF NOVEMBER 29, 2018**

Scott Kaplan was re-elected to serve a five (5) year term, said term to expire November 30, 2023. The Board congratulated Scott on his re-election.

**HEAR THE AUDIENCE**

Human Resources Director Harvey Bisson addressed the Board and presented each Board member with a Committee Appreciation gift of a car trunk organizer along with a certificate. Mr. Bisson thanked the Board on behalf of the city manager for their service and the great work that they do.

**APPROVAL OF MINUTES** – November 13, 2018 quarterly meeting, special meeting of November 29, 2018 to certify the election and makeup meeting of November 29, 2018.

The minutes of the regular quarterly meeting of November 13, 2018, special meeting of November 29, 2018 to certify the election and makeup meeting of November 29, 2018 were presented for approval.

*Member Lee made a motion to approve the minutes of the quarterly meeting of November 13, 2018, special meeting of November 29, 2018 to certify the election and makeup meeting of November 29, 2018; Member Kaplan seconded the motion, which passed unanimously.*

## CONSENT AGENDA

### Approval of Payments:

- Christiansen & Dehner, P.A **\$2,268.07** (legal service for October 2018, **\$190.05** (legal services for November 2018), **\$132.60** (legal services for December 2018)
- Shelly Baumann – Pension Administration Services, LLC **\$5,400.00** (\$1,800 per month for November 2018, December 2018, and January 2019).
- Fifth Third - Custodial Fees: R&D account - **\$97.75**; Mutual Funds (EuroPacific, Templeton) - **\$1,554.14**; Dana - **\$663.65**; Gabelli - **\$354.44**; Garcia Hamilton - **\$881.45** (4<sup>th</sup> quarter, 2018 - deducted from account)
- Dana Investment Advisors (4<sup>th</sup> quarter, 2018) - **\$12,186.04**
- GAMCO Asset Management (4<sup>th</sup> quarter, 2018) – **\$8,861.00**
- Garcia Hamilton & Associates (4<sup>th</sup> quarter, 2018 - **\$7,381.70**
- American Realty (4<sup>th</sup> quarter, 2018) – **\$7,294.97**
- Intercontinental – 4<sup>th</sup> quarter 2018) – deducted from account - **\$5,158.00**
- AndCo Consulting (formerly The Bogdahn Group) (4<sup>th</sup> quarter, 2018) - **\$6,750.00**
- FPPTA – 2019 Annual Dues - **\$600.00**
- FPPTA – 2018 CPPT Re-Certification for Scott Stoll - **\$30.00**

### Retirements, Refund of Contributions, DROP: Entry to, Rollover, or Refund

- Gregory Decker, entered the DROP effective December 1, 2018 – He was listed on the November agenda but his amounts have changed with his final calculation. His benefit is for Retiree's Lifetime with 100% continued to Joint Annuitant with pop-up **\$3,366.01/\$3,366.01/\$3,653.75 per month.**
- Anna Hair, entered the DROP effective January 1, 2019 – She selected a benefit for her Lifetime with 50% continued to her Joint Annuitant with a pop-up option - **\$3,373.51/\$1,686.76/\$3,528.67 per month**
- Thalia George, refund of member contributions effective November 12, 2018 - **\$429.97**
- Patricia McCloskey, commencement of a death benefit of 50% from deceased member Richard McCloskey effective January 1, 2019 – **\$450.61**
- Albert Kraus, commencement of normal retirement effective December 1, 2018 – for Retiree's Lifetime only - **\$376.81**
- Shuo Lin, refund of member contributions effective December 18, 2018 - **\$1,359.0**
- Edgardo Rivera-Calderon, commencement of normal retirement effective February 1, 2019 – for Retiree's Lifetime with 50% continued to Joint Annuitant - **\$5,173.22 / \$2,586.61**
- Edgardo Rivera-Calderon rollover of DROP account effective February 1, 2019 - **\$31,615.97**
- Steve Jarvis, commencement of normal retirement effective February 1, 2019 – for Retiree's Lifetime with 100% continued to Joint Annuitant - **\$856.69**
- Steve Jarvis, rollover of DROP account effective February 1, 2019 - **\$60,573.16**

### Deposits :

- **\$ 200.00** Harvey Bisson for a special calculation

*Member Cooley made a motion to approve the Consent Agenda; Member Lee seconded the motion, which passed unanimously.*

## **ACTUARY PRESENTATION**

Mr. Doug Lozen with Foster & Foster addressed the Board to present the 2018 Valuation. Mr. Lozen noted that the funding requirement went up from 13.16% to 13.81%. The net result was a loss. The Plan's four (4) year smooth was just over 7%; however the earnings assumption was 7.75%. The Funded Ratio went down from 100.4% in 2017 to 99.5% for 2018. The city currently has a prepaid contribution of over 1.9 million or about 15% of P/R or one (1) year of funding.

*Member Lee made a motion to approve the 2018 Valuation Report as presented; Member Cooley seconded the motion, which passed unanimously.*

Attorney Christiansen then informed the Board that they must declare an expected rate of return and asked Mr. West of AndCo Consulting what his recommendation would be. Mr. West stated that the Board should keep with a 7.75% assumption.

*Member Cooley then made a motion that based on the advice of the Board's investment professionals and actuary they have determined that the total expected annual rate of investment return for the next year, the next several years, and the long-term thereafter shall be at 7.75% net of investment related expenses; Member Lee seconded the motion. Shelly will send a letter to the state.*

## **PRESENTATION OF ONLINE BENEFIT CALCULATOR PROGRAM**

Ms. Braelen Scott with Foster & Foster addressed the Board to present a new online benefit calculator program. Ms. Scott stated that the program is very user friendly. The information is up to date with the latest payroll being uploaded each pay period. The portal will also show the members the most recent "green sheet" along with all prior years. The member would be able to do "what if" scenarios using different dates of retirement, beneficiaries etc. The administrator will be able to edit data; however the member has a view only option. There would still be a \$200.00 fee for a final calculation as the actuary must sign off on it. The implementation fee is \$10,000 and a \$15,000 annual fee. Implementation would take about three (3) months and Foster & Foster would come and give training to employees on how to use the system. Chairman Zilke asked if there would be a reduction in the annual fee if both the General and Police and Fire Boards elected to have the program. The Board was very favorable to the program if they could get the annual cost down. Attorney Christiansen noted that this would be an annual contract so the Board could terminate it after one (1) year. He also stated that Foster & Foster would be able to let the Board know how many times it was used in a year which would allow the Board to see if it would be worth it to keep paying for it.

*Chairman Zilke made a motion to add this item to the next regular or special agenda and to get a quote from Foster & Foster to see if there would be a reduction in the annual fee if both plans purchased the online benefit calculator system; Member Kaplan seconded the motion, which passed unanimously.*

Later in the meeting Ms. Scott heard back Foster & Foster and reported that if both plans moved forward with the online program then the annual fee would be reduced by 10% or \$1,500 for the General Plan.

## **INVESTMENT REPORT -AndCo Consulting - Report for quarter ending December 31, 2018**

Mr. Dave West with AndCo Consulting was in attendance and addressed the Board to present the report for quarter ending December 31, 2018. Mr. West reported that the equity market declined from October-December by over 20%. The Plan began with \$58,915,242 and ended with \$54,674,562 for a total negative return on investment for the quarter of -\$4,382,239. Earnings as a percentage for the quarter and for the FYTD were negative -7.44%. Mr. West had no recommendation for any changes at this time.

Greg Peters with Dana Investment Advisors addressed the Board to present his report for quarter ending December 31, 2018. The report showed a loss from December 29, 2017 through December 31, 2018 of -\$1,009,967.93. Mr. Peters reported that through last Friday the S&P was up 8.2%. Mr. Peters stated that the key issues dominating the market fears were: 1) Trade war anxieties, 2) Aggressive Fed rate increases and 3) Indications of a weakening economy.

Richelle Hayes with American Realty Advisors addressed the Board and presented an overview of the company noting that it is 100% employee owned. The company has over 9.3 billion in assets and 539 institutional investors. For the quarter ending December 31, 2018 the Plan earned 1.94%

### **Attorney's Report – Scott Christiansen**

- Attorney Christiansen addressed the Board to discuss the revised Operating Rules which include a section required by the IRS regarding missing persons. The Board was provided with an email version of the report October 30, 2018 and a hard copy at this meeting.

*Chairman Zilke made a motion to approve the revised Operating Rules as presented; Member Reus seconded the motion, which passed unanimously.*

- Attorney Christiansen inquired on the status of a proposed Ordinance to have a one-time COLA. He sent it to the city and it appears that once the impact statement is sent to the city manager it should move forward.
- Attorney Christiansen asked if the financial year-end report was sent to the city manager as required to which Administrator Baumann reported that it was.
- Attorney Christiansen then asked about the status of a memo that the Board double check the “start-stop” dates and provide a list to Fifth Third as the custodian of funds. At their last meeting the Board requested HR to review the General Plan Retiree files to double check the “start-stop” dates and to provide that list to Fifth Third. Administrator Baumann reported that HR asked if she could begin the process and HR would complete it. Administrator Baumann stated that her records are not complete and that there would be too much room for error if she were to begin the process. Attorney Christiansen suggested getting this information from Foster & Foster in order to begin the process.
- Attorney Christiansen informed the Board that a bill has been pre-filed in the House that would require more information to be on the website and that two (2) copies of all backup information be at the meeting for the public to view. He will let the Board know if this passes.

**Plan Administrator's Report – Shelly Baumann**

- Administrator Baumann notified the Board that Retiree Richard McCloskey passed away December 7, 2018. His benefit was for his lifetime with 50% continued to his Joint Annuitant Patricia McCloskey. Paperwork was received from Patricia McCloskey to begin payments in her name effective January 1, 2019.
- Administrator Baumann notified the Board that a letter and copy of the Investment Activity for period ending September 30, 2018 was sent to the City.
- Administrator Baumann notified the Board of her intention to retire/resign as the plan administrator stating that after working 48 years fulltime she is now downsizing her workload. Attorney Christiansen asked the Board to authorize him to prepare a Request for Proposal (RFP).

*Chairman Zilke made a motion to authorize the Plan attorney to prepare an RFP for a new plan administrator and to send it out to all firms on his proposal list; Member Reus seconded the motion, which passed unanimously.*

**Chair Report, Other Board Members**

The Board had asked to discuss possible changes to the election process regarding requiring a biography from candidates and how to get it out to all active employees. The Board stated that there should be something on the ballot or the nomination form that states that candidates are not allowed to use the city email system to campaign. The Board was in favor of getting a biography from all candidates.

*Chairman Zilke made a motion to change the election process to encourage that a biography of each candidate goes out with the ballots and have a reminder on the nomination form that the city email is not to be used. This motion failed for lack of a second.*

*Member Lee made a motion to put a section on the nomination form that the candidates cannot use the city email system. This motion failed for lack of a second. Member Cooley and Member Stoll would like to have information on the people who are running for a seat on the Board.*

*Member Kaplan made a motion due to a lack of time to table this item and an item to discuss Form PF-2 until the May 14, 2019 meeting for additional discussion; Member Reus seconded the motion, which passed unanimously.*

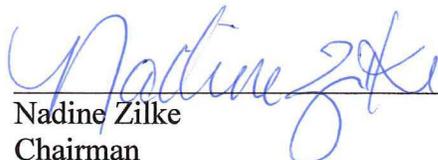
**ADJOURNMENT** - There was no further business, and the meeting was adjourned at 3:55 p.m.

Respectfully Submitted:



Shelly Baumann, CMC  
Plan Administrator

Approved:



Nadine Zilke  
Chairman