

**Minutes  
Employee's Retirement System Board of Trustees  
May 12, 2010  
Quarterly Meeting**

Call to Order: Chair Dave Nadolski called the meeting of the Employee's Retirement System Board of Trustees to order at 8:30 a.m. at City Hall.

Board Members Present: Cathy Bianchi  
Matt Burns  
Judy Buseman  
Peggy Dant  
Shawna Goldammer  
Dave Nadolski  
Mark Sivertson

Board Members Absent: None

Staff Members Present: Bill O'Toole, Director of Human Resources  
Gene Rowenhorst, Director of Finance  
Thomas Huber, Assistant Director of Finance  
Gail Eiesland, Chief Assistant City Attorney  
Angie Uthe, Compensation & Benefits Manager  
Kathy Pottebaum, Benefits Technician  
Ann Boden, Financial Analyst

Others present: Howard Pohl, Becker, Burke & Associates  
Louise Gates, Gabriel Roeder Smith & Company

The Employee's Retirement System Board of Trustees and the Firefighter's Pension Fund Board of Trustees met in joint session.

**A motion was made by Goldammer, seconded by Sivertson, to approve the February 10, 2010 meeting minutes. Motion carried unanimously.**

**A motion was made by Dant, seconded by Goldammer, to approve the April 8, 2010 special meeting minutes. Motion carried unanimously.**

Louise Gates presented the board with the December 31, 2009 Annual Actuarial Valuation. The City's pension contribution rate for the general division is 13.17% and added with a health insurance/GASB OPEB rate of 4.89%, the overall contribution rate for 2011 will be 18.06% of payroll. This reflects a total contribution increase of 2.10% from the 2010 contribution rate of 15.96%. The report indicated that the general division had a funded ratio of 89.2% for 2009 down from 94.4% in 2008. The retiree health funded ratio was 38.4%; up from 32.8% in 2008.

The City's pension contribution rate for the police division is 20.78% and when added with a health insurance/GASB OPEB rate of 7.66%, the overall contribution rate for 2011 will be 28.44% of payroll. This reflects a total contribution increase of 3.33% from the 2010 contribution rate of 25.11%. The report indicated that the police division had a funded

ratio of 85.1% for 2009 down from 89.4% in 2008. The retiree health funded ratio was 35.4%; up from 32.2% in 2008.

Gates reminded the board that the economic investment assumption was 7.75% and the wage inflation assumption was 4.25%. The board had some discussion with Gates about possible changes to the systems in light of the continuing increase in funding costs, which impact the City's budget. She stated that Gabriel, Roeder, Smith & Company had conducted a study in the past five years regarding the financial impact of proposed system changes. Gates was going to send an electronic copy of the study to Human Resources for distribution to the board members.

Howard Pohl presented the Board with the 2010 first quarter performance report. The market value of the Plan increased from \$231.4 million to \$239.9 million. The funds had a rate of return of 3.8% in the first quarter compared to the 4.0% median of the Becker, Burke Plan universe. The annual return was 42.6% compared to the median of 37.1%. Results for the past five years of 5.5 % were above the 4.3% median. The Total Plan had 52% of its quarter end assets with domestic equity managers, 17% with international developed markets, 3% with international emerging markets, 25% in domestic bonds, and 2% in real estate. The total plan had top third performance relative to all plans in the quarter and was top decile for the year. It was top quartile for five years. Risk, as measured by the fluctuation of quarterly returns was top quartile, while the reward/risk ratio was top third.

Tom Huber and Howard Pohl discussed the actual asset allocation to target ranges for the portfolios. It was noted that the targets for real estate remain out-of-balance per the Boards previous direction.

Tom Huber presented the Board with the 2009 Annual Financial Report.

The report was compiled in accordance with the City's pension ordinances and includes two attached statements which are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are published as part of the City's Comprehensive Annual Financial Report. The GAAP reports showed an increase in net assets from \$187.3 million to \$232.6 million for the year ending December 31, 2009.

**A motion was made by Burns, seconded by Sivertson, to accept the 2009 Annual Financial Report. Motion carried unanimously.**

Uthe presented the board with the 2009 pension logs indicating retirements, refunds, deferred retirements, and deaths in the General and Police divisions.

**A motion was made by Dant, seconded by Bianchi, to approve the 2009 pension logs for both divisions noting the retirements, refunds, deferred retirements, and deaths. Motion carried unanimously.**

The board reviewed medical reports for Jan Wheeldon and Linda Smith for purposes of determining eligibility for ongoing benefits. Administrative staff indicated that the medical director's report indicated both individuals were eligible for ongoing benefits.

**A motion was made by Goldammer, seconded by Buseman, to continue disability benefits for Jan Wheeldon. Motion carried unanimously.**

**A motion was made by Goldammer, seconded by Buseman, to continue disability benefits for Linda Smith. Motion carried unanimously.**

**A motion was made by Burns, seconded by Buseman, to adjourn the meeting. Motion passed unanimously.**

The Board adjourned at 11:10 a.m.

Respectfully submitted,

Angie Uthe  
Recording Officer