

**Minutes  
Employee's Retirement System Board of Trustees  
August 4, 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  
Peggy Dant  
Donn Hill  
Dave Nadolski  
Mark Sivertson

Board Members Absent: Shawna Goldammer

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

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

**A motion was made by Sivertson, seconded by Dant, to approve the May 12, 2010 meeting minutes. Motion carried unanimously.**

**A motion was made by Dant, seconded by Burns, to approve the July 21, 2010 special meeting minutes. Motion carried unanimously.**

Howard Pohl presented the Board with the 2010 second quarter performance report. The market value of the Plan decreased from \$239.9 million to \$225.2 million. The funds had a rate of return of -6.0% in the second quarter compared to the -6.0% median of the Becker, Burke Plan universe. The annual return was 16.4% compared to the median of 14.0%. Results for the past five years of 3.5 % were above the 2.7% median. The Total Plan had 50% of its quarter-end assets with domestic equity managers, 16% with international developed markets, 3% with international emerging markets, 28% in domestic bonds, and 3% in real estate. The total plan had bottom quartile performance relative to all plans in the quarter, but was near the top decile for the year. It was above average for five years. Risk, as measured by the fluctuation of quarterly returns was top quartile, while the reward/risk ratio was above average.

Howard Pohl discussed the current asset allocation to target ranges for the portfolios and recommended modification.

**A motion was made by Dant, seconded by Burns, to change the target allocation of STW to 10% long–duration bonds and 5% intermediate-duration bonds with a target completion date of September 30, 2010.**

**A motion was made by Dant, seconded by Bianchi, to average our way back to the 5% target allocation for Real Estate by the end of 2010. Motion carried unanimously.**

Administrative staff updated the board on the status and estimated fees of the request for actuarial valuations from Gabriel, Roeder, Smith & Company. Louise Gates with GRS estimated they could complete the valuations within eight weeks. The board will meet on October 27, 2010 to review the reports and the Mayor will be invited to the Special Meeting to discuss his objectives.

The board reviewed a pension disability application and medical report for plan member Todd Nyhus. Administrative staff indicated that the medical director's report indicated he was eligible for benefits.

**A motion was made by Bianchi, seconded by Burns, to approve the application for pension disability benefits for Todd Nyhus. Motion carried unanimously.**

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

The Board adjourned at 10:40 a.m.

Respectfully submitted,

Angie Uthe  
Recording Officer