

**Minutes  
Employee's Retirement System Board of Trustees  
October 27, 2010  
Special 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 the Main Library.

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

Board Members Absent: None

Staff Members Present: Bill O'Toole, Director of Human Resources  
Eugene 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 (available by conference call)

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

Howard Pohl with Becker, Burke & Associates gave a brief history of the pension funds and stated that in the last ten years the funds have had an average return of 5.7% on investments and have been in the top 13% of all funds. Since December 1988, the funds averaged a rate of return of 9.2%, placing overall performance in the top decile of all comparative funds for the last twenty plus years.

O'Toole advised the board that the supplemental actuarial report dated October 26, 2010, from Gabriel, Roeder, Smith, & Company was marked confidential. O'Toole recommended the board authorize release of the report so that staff could make the report available publicly.

**A motion was made by Goldammer seconded by Burns, to provide access to the Supplemental Actuarial Report to parties outside the ERS Board and City. Motion passed unanimously.**

Louise Gates discussed the results of the October 26, 2010, supplemental actuarial report with the board. Gates reviewed the following proposals for the pension systems:

- Proposal 1 – New City employees would not join the Employee’s Retirement System. These individuals would be covered by a different retirement plan. The Retirement system would be “closed” to new hires.
- Proposal 1a – In addition to Proposal 1, the unfunded accrued liability (UAL) would be amortized over a period of 25 years.
- Proposal 1b – In addition to Proposal 1, member contributions would be 4% of pay.
- Proposal 2 – New City employees would not join the Employee’s Retirement System. These individuals would join the South Dakota Retirement System (SDRS). The Employee’s Retirement System would be “closed” to new hires. The City would make pension contribution to the Employee’s Retirement System for existing City employees and to SDRS for new City employees.
- Proposal 3 – The Retiree Health Plan would be “closed” to new hires. City employees hired after December 31, 2011 would receive no retiree health benefits from the City. All other individuals who are eligible on their retirement date would receive a new benefit in lieu of the current Retiree Health Plan benefits. The proposed benefits are a monthly benefit (or stipend) of \$500 for eligible retirees ending at age 65. Monthly benefits may be increased periodically for inflation at the discretion of the City/Board. The proposed benefits would be provided by the City at no cost to the retiree. Benefits end upon the death of the retiree.

Shortly after review and discussion of these proposals, the conference call with Gates ended.

**A motion was made by Dant seconded by Goldammer, to request additional analysis from Gabriel, Roeder, Smith & Company, on Proposal 3 to provide the “stipend” to the beneficiary up to Medicare age eligibility in the event of the death of the retiree and to provide the “stipend” to the retiree until both the retiree and beneficiary reach Medicare age eligibility. Motion passed unanimously.**

Administrative staff was directed to follow-up with Gates to obtain this additional actuarial analysis.

The board asked that the minutes reflect that their consideration of Proposal 3, removing access to the City Health Plan upon retirement, is a reasonable option as a result of the federal health care act requiring the establishment of health exchanges where no pre-existing conditions can apply and everyone is eligible for health insurance coverage as of 1/1/14. The board and staff agreed that should any changes to the federal health care act occur where health insurance exchanges did not exist or access to health care was not available, that such an action would affect the consideration of this proposal.

The board will be discussing the report with Mayor Huether at the November 10, 2010, quarterly board meeting. The board specifically noted that they would like to learn whether it is the Mayor’s desire to impact current employees or retirees with any proposals; whether he has any targeted percent or dollar reductions to achieve and what time frame; and whether he has

a specific position on how future employees should be handled from a retirement plan perspective.

**Motion was made by Goldammer seconded by Sivertson, to adjourn the meeting.  
Motion passed unanimously.**

The Board adjourned at 10:45 a.m.

Respectfully submitted,

Angie Uthe  
Recording Officer