

**Minutes**  
**Employee's Retirement System Board of Trustees**  
**August 1, 2012**  
**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 the Main Library.

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

Board Members Absent: None

Staff Members Present: Bill O'Toole, Director of Human Resources  
Tracy Turbak, Director of Finance  
Thomas Huber, Assistant Director of Finance  
Gail Eiesland, Chief Assistant City Attorney  
Angie Uthe, Compensation & Benefits Manager  
Kathy Pottebaum, Benefits Technician

Others present: Firefighters' Pension Fund Board of Trustees members: Randy Farland, Paul Livermore & Mark Sivertson  
Howard Pohl, Jeff Black & Mary Nye - Becker, Burke & Associates

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 Lavin, seconded by Burns, to approve the June 4, 2012 special meeting minutes. Motion carried unanimously.**

Tom Huber briefly discussed the current asset allocation of the portfolio compared to target range. No action needed.

Howard Pohl presented the Board with the 2012 second quarter performance report. The market value of the Plan decreased from \$293.8 million to \$287.1 million. The funds had a rate of return of -2.2% in the second quarter compared to the -2.1% median of the Becker, Burke Plan universe. The annual return was 3.3% compared to the median of 1.2%. Results for the past five years of 3.1% were above the 2.0% median. The Total Plan had 51% of its quarter end assets with domestic equity managers, 15% with international developed markets, 3% with international emerging markets, 26% in domestic bonds, and 6% in real estate. The total plan had slightly below average performance relative to all plans in the quarter and was in the top quartile for the year. It

was near the 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.

Pohl also reviewed the board's annualized returns from December 31, 1994, through June 30, 2012, illustrating the following results:

<b>Total Fund</b>	<b>9.1%</b>
Domestic Equity	9.8%
S&P 500	8.6%
International Equity	8.1%
EAFE	5.3%
Fixed Income	8.0%
Barclays Aggregate	6.7%

Before the board engaged in a review of investment consultant services, Chairman Nadolski discussed the decision-making process and guidelines for executive session attendance. Pursuant to that discussion, at 9:50 a.m. staff members O'Toole, Turbak, Eiesland, and Pottebaum excused themselves from the meeting.

**A motion was made by Dant, seconded by Goldammer, to enter into executive session pursuant to SDCL 1-25-2, 1-27-1.6(6) and 1-27-1.9 to discuss proprietary data and proprietary information, and for the purpose of engaging in the decisional or deliberative process in interviewing investment consultants. Motion carried unanimously.**

**A motion was made by Lavin, seconded by Bianchi, to exit executive session. Motion carried unanimously.**

**A motion was made by Dant, seconded by Burns, to enter into a contract with Becker, Burke Associates, subject to successful contract negotiations. Motion carried unanimously.**

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

The Board adjourned at 2:00 p.m.

Respectfully submitted,

Angie Uthe  
Recording Officer