

**Minutes
Employee's Retirement System Board of Trustees
May 7, 2014
Quarterly Meeting**

Call to Order: Chair Peggy Dant 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: Matt Burns
Peggy Dant
Shawna Goldammer
Donn Hill
Angeline Lavin

Board Members Absent: Cathy Bianchi

Staff Members Present: Bill O'Toole, Director of Human Resources
Thomas Huber, Assistant Director of Finance
Paul Bengford, Assistant City Attorney
Angie Uthe, Compensation & Benefits Manager
Kathy Pottebaum, Payroll/Benefits Specialist

Others present: Firefighters' Pension Fund Board of Trustees members: Randy Farland, Matt McAreavey & Mark Sivertson
Howard Pohl & Peter Brown, The Bogdahn Group
Louise Gates, Gabriel Roeder Smith & Company
Lon Tiggelaar, incoming Employee's Retirement System Board Trustee

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 February 5, 2014 meeting minutes. Motion carried unanimously.

Louise Gates presented the board with the December 31, 2013 Annual Actuarial Valuation. The report indicated that the general division had a funded ratio of 81.5% for pension benefits and 509.6% for retiree health benefits as of December 31, 2013. The report indicated that the police division had a funded ratio of 86.7% for pension benefits and 238.8% for retiree health benefits as of December 31, 2013. These ratios reflect the impact of closing the retiree health plan and implementing the stipend for any member that retires on or after 1/1/14.

The results of the valuation identify the City's 2015 pension contribution of \$7,535,363 for the general division and \$3,861,898 for the police division.

Tom Huber presented the Board with the 2013 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 \$308.0 million to \$368.9 million for the year ending December 31, 2013.

A motion was made by Goldammer, seconded by Lavin, to approve the 2013 Annual Financial Report. Motion carried unanimously.

Uthe presented the board with the 2013 pension logs indicating retirements, refunds, deferred retirements, and deaths in the general and police divisions.

A motion was made by Burns, seconded by Goldammer, to approve the 2013 pension logs for both divisions. Motion carried unanimously.

A motion was made by Goldammer, seconded by Lavin, to nominate Peggy Dant as Board Chairperson. Motion carried unanimously.

A motion was made by Lavin, seconded by Burns, to nominate Shawna Goldammer as Board Chairperson Pro Tem. Motion carried unanimously.

Howard Pohl and Peter Brown presented the Board with the 2014 first quarter performance report. The market value of the Plan increased from \$369.5 million to \$375.9 million. The funds had a rate of return of 1.79% in the first quarter compared to the 1.75% median of The Bogdahn Group Plan universe. The annual return was 15.51% compared to the median of 11.96%. Results for the past five years of 17.90% were above the 13.96% median. The Total Plan had 53% of its quarter end assets with domestic equity managers, 17% with developed international equities, 3% with international emerging markets, 22% in domestic bonds, and 5% in real estate. The total plan had about median performance relative to all plans in the quarter and was in the top decile for the year. It was top decile for five years.

Howard and Peter will present additional information at the next meeting for managers in the growth small cap investment category.

Huber reviewed the Investment Allocations and Manager Structure with no recommended changes or action needed, as all allocations are within the target ranges.

A motion was made by Goldammer, seconded by Hill, to enter into executive session pursuant to SDCL 1-25-2 and 1-27-1.5(2), review of personal medical records for purposes of determining eligibility for ongoing disability benefits. Motion carried unanimously.

A motion was made by Hill, seconded by Burns, to exit executive session. Motion carried unanimously.

A motion was made by Hill, seconded by Goldammer, to continue disability benefits for Michael Christensen. Motion carried unanimously.

A motion was made by Goldammer, seconded by Burns, to continue disability benefits for Connie Hinckley. Motion carried unanimously.

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

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

The Board adjourned at 11:20 a.m.

Respectfully submitted,

Angie Uthe
Recording Officer