

**Minutes  
Employee's Retirement System Board of Trustees  
May 10, 2017  
Quarterly Meeting**

Call to Order: Chair Angeline Lavin 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: Matthew Adamson  
Donn Hill  
James Larson  
Angeline Lavin  
Amy Richardson  
Lon Tiggelaar, via phone

Board Members Absent: Cathy Bianchi

Staff Members Present: Bill O'Toole, Director of Human Resources  
Tracy Turbak, Director of Finance  
Thomas Huber, Assistant Director of Finance  
Angie Uthe, Compensation & Benefits Manager  
Ann Boden, Business Analyst  
Kathy Pottebaum, Payroll/Benefits Specialist  
Angie Richmond, Paralegal

Others present: Firefighters' Pension Fund Board of Trustees members: Randy Farland, Matt McAreavey, Mark Sivertson & Tyler Stewart  
Howard Pohl & Peter Brown, AndCo Consulting  
Louise Gates, Gabriel Roeder Smith & Company

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 Larson, seconded by Adamson, to approve the February 8, 2017 meeting minutes. Motion carried unanimously.**

**A motion was made by Larson, seconded by Hill, to approve the March 14, 2017 meeting minutes. Motion carried unanimously.**

Howard Pohl and Peter Brown presented the Board with the 2017 first quarter performance report. The performance in the quarter of 4.9% ranked in the top quartile versus all plans within the AndCo Consulting plan universe and above the policy benchmark. The annual 11.8% return was top third, but below the policy bogey, while the five year 9.2% ranked in the top decile and beat the policy. The market value of the Fund increased from \$409.5 million to \$429.3 million in the quarter.

Tom Huber reviewed the Investment Allocations and Manager Structure. There were no recommended changes or actions.

Tom Huber presented the Board with the 2016 Annual Financial Fund Statement which is prepared in accordance with Generally Accepted Accounting Principles (GAAP), is audited as part of the City's independent annual audit, and is published as part of the City's

Comprehensive Annual Financial Report. The GAAP reports showed an increase in net assets from \$385.2million to \$411.4 million for the year ending December 31, 2016.

**A motion was made by Hill, seconded by Adamson, to accept the 2016 Annual Financial Fund Statement. Motion carried unanimously.**

Uthe presented the board with the 2016 pension logs, which reports all retirements, stipends, refunds, deferred retirements, and deaths of plan members in the general and police divisions.

**A motion was made by Larson, seconded by Richardson, to accept the 2016 pension logs for both divisions. Motion carried unanimously.**

Louise Gates presented the board with the December 31, 2016 Annual Actuarial Valuation. The report indicated that the general division had a funded ratio of 87.4% for pension benefits and 1066.5% for retiree health benefits as of December 31, 2016. The report indicated that the police division had a funded ratio of 87.1% for pension benefits and 342.0% for retiree health benefits as of December 31, 2016. 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 identified the City's 2018 pension contribution of \$6,534,138 for the general division and \$4,089,622 for the police division.

**A motion was made by Adamson, seconded by Richardson, to accept the 2016 Annual Actuarial Valuation. Motion carried unanimously.**

**A motion was made by Hill, seconded by Adamson, to update the Boards policy to adopt the same economic and non-economic assumptions for benefit options as adopted from time-to-time to measure and establish plan funding. Motion carried unanimously.**

Louise Gates illustrated fund projections over the next 50 years using investment return assumptions of 7.5% and 6.5%. This review was an introduction to further work to be completed by GRS and AndCo Consulting on an Asset Liability Study. Further review will be conducted at the August 2017 Board meeting.

**A motion was made by Hill, seconded by Richardson, to enter into executive session pursuant to SDCL 1-25-2 and 1-27-1.5(2), for 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 Richardson, to exit executive session. Motion carried unanimously.**

**A motion was made by Hill, seconded by Richardson, to continue disability benefits for Connie Hinckley. Motion carried unanimously.**

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

The Board adjourned at 11:05 a.m.

Respectfully submitted,  
Angie Uthe, Recording Officer