

**Minutes
Firefighters' Pension Fund Board of Trustees
July 21, 2010
Special Meeting**

Call to Order: Chair Randy Farland called the meeting of the Firefighters' Pension Fund Board of Trustees to order at 8:30 a.m. at City Hall.

Board Members Present: Randy Farland
Mike Havlovic
Donn Hill
Angeline Lavin
Paul Livermore

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

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

Board chair Farland shared his impressions from a meeting that he and Employee's Retirement System board chair Nadolski attended with Mayor Huether on July 2, 2010. Farland stated that the Mayor is concerned about the impact of the rising contribution rates on the City's budget. The contribution rates are the highest they have been in over twenty-five years and the increases in pension funding have had a direct correlation to the lack of funding for employee wage increases and other operational services. The Mayor asked that the Boards discuss possible changes in the system to address the contribution rates and ultimately reduce the impact of continued increases to the City budget.

The board discussed the Mayor's concerns, reviewed the 2009 Actuarial Valuation, the history of the contribution rates for both systems and possible options for study to accomplish objectives. While they agreed that options for system changes need to be reviewed, they were respectful of the benefits provided by the two systems. After lengthy discussion, the board agreed upon proposals to forward to the actuary for a valuation study.

A motion was made by Lavin seconded by Havlovic, to request Actuarial Valuations from Gabriel, Roeder & Smith (GRS) to study the following potential system changes:

- 1. Effective 1-1-2012, all new city employees would not join the City Retirement System. These individuals would be covered by a different retirement plan, specifically the South Dakota Retirement System (SDRS). The Employer contribution rate at SDRS is 6% for General\Management and 8% for Public Safety. The City Retirement System would be "closed" to new hires. In**

addition, new employees would not have access to City health\dental plan upon retirement. The City would expect contributions to initially increase without the addition of new members and would like recommendations from GRS on how to minimize or address these rate increases (e.g., increased amortization period). In addition, the City would like some analysis to determine when this proposal might decrease City contribution rates in light of diminishing the long-term liability by sending new employees to SDRS.

2. **Effective 1-1-2014, the City would close retiree health\dental plan to all future retirees (hired prior to 1-1-12) and current retirees. The City Retirement System to provide a monthly stipend in place of access to City health\dental plan.**
 - a. **Monthly stipend to be studied at two levels: \$500.00 and \$750.00**
 - b. **City requests actuary to recommend an appropriate inflationary adjustment annually with a reasonable cap.**

Motion carried unanimously.

While not a requested study\valuation, the Board will also ask GRS to confirm that a 1% increase in employee contribution level would equate to a corresponding 1% decrease in employer contribution.

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

The Board adjourned at 11:00 a.m.

Respectfully submitted,

Angie Uthe
Recording Officer