

AGENDA

Employee's Retirement System Board of Trustees Quarterly Meeting August 1, 2012

Meeting to be called to order at 8:30 a.m. at Main Library, 201 North Main Ave., Meeting Room A

1. Call to order
2. Approval of Special Meeting Minutes June 4, 2012
3. Investment Allocations & Manager Structure – Finance
4. Quarterly Investment Performance Report – Becker, Burke Associates
5. Interviews for Financial Investment Consultant Services - 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.
6. Adjournment

Relevant Handouts

- Agenda
- June 4, 2012 special meeting minutes
- Asset Allocation and Manager Structure
- 2012 Second Quarter Investment Report (Becker, Burke Associates)

2012 Quarterly Meeting Schedule

All meetings scheduled to be held in Main Library, Meeting Room A, 8:30 a.m.

November 7, 2012

Minutes
Employee's Retirement System Board of Trustees
June 4, 2012
Special Meeting

Call to Order: Chair Dave Nadolski called the meeting of the Employee's Retirement System Board of Trustees to order at 3:00 p.m. at City Hall.

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

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 & Matt McAreavey.

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 Goldammer, seconded by Burns, to approve the May 2, 2012 meeting minutes. Motion carried unanimously.

Discussion was held with City Council Fiscal Committee members Sue Aguilar, Jim Entenman, and Dean Karsky regarding the Boards' recommended pension plan design changes for future and current City employees.

Trustee Angeline Lavin provided an overview of the pension study process and analysis completed by the Boards. Lavin noted that the Boards had worked on this project for approximately two years and were confident their recommendations would continue to provide the City and its career employees with a sound pension plan while meeting the project goals of reducing and stabilizing the City's contributions.

The Board's primary purpose in holding this special meeting was to ensure that the City Council Fiscal Committee members understood their rationale for arriving at the recommendations and, in particular, why they recommended a new tier structure over the South Dakota Retirement System (SDRS) for new hires. The Board explained that creating a new tier structure within the existing defined benefit pension plan for future hires was deemed a better fit, served to reduce and stabilize City contribution rates, and

maintained local control over the plan. The Boards also conveyed that their recommendations should be considered in totality.

The Fiscal Committee will be meeting on June 5, 2012, and planned to forward their recommendations to the entire City Council for review. Board members were advised that they were welcome to attend the upcoming Fiscal Committee meeting.

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

The Board adjourned at 3:50 p.m.

Respectfully submitted,

Angie Uthe
Recording Officer

DRAFT

Employees' Retirement System
Asset Allocation and Manager Structure
Net Assets and Accruals
30-Jun-12

	Actual Allocation	Actual %	Target %	Target Allocation	Target Range	Over/(Under) Funding
U.S. Equity Large Cap	\$ 103,480,903	36.0%	35.0%		31.5%-38.5%	\$ 2,988,409
Cooke & Bieler (value)	34,913,745	12.2%	12.0%	34,454,569		459,176
Sawgrass (growth)	36,659,950	12.8%	12.0%	34,454,569		2,205,381
NTGI S&P 500 Index	31,907,208	11.1%	11.0%	31,583,355		323,853
U.S. Equity Small Cap	\$ 42,443,940	14.8%	15.0%		13.5%-16.5%	(624,271)
Columbia Acorn (growth)	13,901,157	4.8%	5.0%	14,356,071		(454,914)
T Rowe Price Small Cap (value)	14,483,699	5.0%	5.0%	14,356,071		127,629
NTGI S&P 400 Index	14,059,085	4.9%	5.0%	14,356,071		(296,986)
U.S. Bonds	73,896,360	25.7%	25.0%		22.5%-27.5%	2,116,008
STW Long Duration	31,331,519	10.9%	10.0%	28,712,141		2,619,378
STW Intermediate Bond	21,702,468	7.6%	7.5%	21,534,106		168,363
NTGI G/C Bond Index	20,862,373	7.3%	7.5%	21,534,106		(671,733)
International Equities	50,438,449	17.6%	20.0%		18.0%-22.0%	(6,985,833)
NTGI Emerging	7,575,506	2.6%	3.3%	9,475,007		(1,899,501)
MFS International Equity (growth)	22,220,496	7.7%	8.35%	23,974,638		(1,754,142)
Templeton Institutional (value)	20,642,447	7.2%	8.35%	23,974,638		(3,332,190)
Real Estate	16,860,877	5.9%	5.0%		4.5%-5.5%	2,504,806
Prudential Real Estate	16,860,877	5.9%	5.0%	14,356,071		2,504,806
Cash	882	0.0%	0.0%	-	-	882
TOTAL	\$ 287,121,411.94	100.0%	100.0%			\$ 0

Total Overall Allocations and Ranges:

Equity	\$ 213,224,169	74.3%	75.0%	67.5%-77.5%
Fixed Income	73,897,243	25.7%	25.0%	22.5%-32.5%
Total	<u>\$ 287,121,412</u>	<u>100%</u>	<u>100%</u>	

Transactions: (pending)

Sawgrass	(2,000,000)
STW Long Duration	(2,500,000)
NTGI Emerging	1,000,000
MFS International Equity	750,000
Templeton Institutional	2,250,000
Balance to City Cash Account	500,000