

**Minutes
Employee's Retirement System Board of Trustees
May 11, 2016
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: Cathy Bianchi
Donn Hill
James Larson
Angeline Lavin
Amy Richardson
Lon Tiggelaar

Board Members Absent: Adam Schwab

Staff Members Present: Bill O'Toole, Director of Human Resources
Tracy Turbak, Director of Finance
Thomas Huber, Assistant Director of Finance
David Pfeifle, City Attorney
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
Howard Pohl & Peter Brown, The Bogdahn Group
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 Bianchi, seconded by Larson, to approve the February 10, 2016 meeting minutes. Motion carried unanimously.

Louise Gates presented the board with the December 31, 2015 Annual Actuarial Valuation. The report indicated that the general division had a funded ratio of 84.0% for pension benefits and 734.0% for retiree health benefits as of December 31, 2015. The report indicated that the police division had a funded ratio of 84.8% for pension benefits and 286.0% for retiree health benefits as of December 31, 2015. 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 report also reflects the change in investment return assumption from 7.65% to 7.5%.

The results of the valuation identified the City's 2017 pension contribution of \$7,237,216 for the general division and \$4,373,752 for the police division.

A motion was made by Richardson, seconded by Hill, to approve the 2015 Annual Actuarial Valuation. Motion carried unanimously.

Tom Huber updated the Board on the Request for Determination submitted to the IRS, noting that the IRS acknowledged receipt and we are awaiting final review.

Tom Huber presented the Board with the 2015 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 a decrease in net assets from \$390.6 million to \$385.2 million for the year ending December 31, 2015.

A motion was made by Larson, seconded by Bianchi, to approve the 2015 Annual Financial Report. Motion carried unanimously.

Uthe presented the board with the 2015 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 Tiggelaar, seconded by Richardson, to approve the 2015 pension logs for both divisions. Motion carried unanimously.

Howard Pohl and Peter Brown presented the Board with the 2016 first quarter performance report. The performance in the quarter of 2.1% ranked in the top quartile versus all plans within the Bogdahn Group plan universe and above to the policy benchmark. The annual -0.7% return was top third and above the policy bogey, while the five year 8.3% ranked in the top decile and beat the policy. The market value of the Fund increased from \$384.3 million to \$391.9 million in the quarter.

Tom Huber reviewed the Investment Allocations and Manager Structure. Real estate and international equity remain outside of targets pursuant to prior Board direction. There were no recommended changes or actions. The Bogdahn Group will provide an update at the next meeting on options for expanding the allocation to real estate.

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

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

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

The Board adjourned at 11:10 a.m.

Respectfully submitted,
Angie Uthe, Recording Officer