

**Minutes
Employee's Retirement System Board of Trustees
May 6, 2015
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
Matt Burns
Donn Hill
Angeline Lavin
Amy Richardson
Adam Schwab
Lon Tiggelaar

Board Members Absent: None

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

Others present: Firefighters' Pension Fund Board of Trustees members: Randy Farland, Paul Livermore, 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 Firefighter's Pension Fund Board of Trustees met in joint session.

A motion was made by Burns, seconded by Bianchi, to approve the February 4, 2015 meeting minutes. Motion carried unanimously.

Louise Gates presented the board with the December 31, 2014 Annual Actuarial Valuation. The report indicated that the general division had a funded ratio of 82.4% for pension benefits and 641.1% for retiree health benefits as of December 31, 2014. The report indicated that the police division had a funded ratio of 87.3% for pension benefits and 280.2% for retiree health benefits as of December 31, 2014. 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 2016 pension contribution of \$7,549,458 for the general division and \$3,868,415 for the police division.

A motion was made by Bianchi, seconded by Burns, to authorize the actuary to implement the same interest rate and mortality table for calculation of early-reduced benefits as used in the most recent valuation for the pension plan.

A motion was made by Bianchi, seconded by Richardson, to approve the 2014 Annual Actuarial Valuation. Motion carried unanimously.

Tom Huber presented the Board with the 2014 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 \$368.9 million to \$390.6 million for the year ending December 31, 2014.

A motion was made by Burns, seconded by Bianchi, to approve the 2014 Annual Financial Report. Motion carried unanimously.

Uthe presented the board with the 2014 pension logs indicating retirements, refunds, deferred retirements, and deaths in the general and police divisions.

A motion was made by Bianchi, seconded by Burns, to approve the 2014 pension logs for both divisions pending addition of the member stipend benefits. Motion carried unanimously.

Howard Pohl and Peter Brown presented the Board with the 2015 first quarter performance report. The performance in the quarter of 2.8% ranked in the top quartile versus all plans within the Bogdahn Group plan universe and above to the policy benchmark. The annual 8.2% return was top third and above the policy bogey, while the five year 11.6% ranked in the top decile and beat the policy. The market value of the Fund increased from \$390.4 million to \$401.1 million in the quarter.

Tom Huber reviewed the Investment Allocations and Manager Structure including rebalancing actions that were completed within the quarter. There were no recommended changes or actions.

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

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

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

The Board adjourned at 11:30 a.m.

Respectfully submitted,

Angie Uthe
Recording Officer