

**South Dakota Department of Labor
Employees' Retirement Board Meeting
April 27, 2010**

The South Dakota Department of Labor Employees' Retirement Board (ERB) met on April 27, 2010, with DDN locations in Pierre, Aberdeen, Rapid City, and Sioux Falls.

Members Present

Bob Riter, Jr., Chair
Jim Fansler
Art Lanham
Pam Roberts
Jason Dilges

Absent

Others Present

Dick Flemmer
Lyle Harter
Monica Harding
Dawn Dovre
Kathie Volk
Michael de Leon, Deloitte

Chairman Riter called the meeting to order and roll call was taken by secretary Monica Harding. Pam Roberts MOVED approval of the minutes from the October 29, 2009, ERB meeting as prepared. SECONDED by Jim Fansler. MOTION CARRIED.

Agenda Item 1: Deloitte Staff Presentation: July 1, 2009, Actuarial Valuation Report

Michael de Leon reviewed the summary of changes which included a plan loss of \$21.2 million. One adjustment enacted to mitigate loss was the amendment to the COLA assumption. This created a gain of \$1.4 million. The Plan is under funded (for the first time in over 20 years) by \$5.6 million.

Present Value of the Projected Benefits: As of July 1, 2009, the plans actuarial liability is \$54.1 million. The Actuarial value of assets is \$48.5 million, with an unfunded deficit of \$5.6 million.

Agenda Item 2: July 1, 2009 through March 31, 2010, Fund Statement Summary

Dick Flemmer reviewed the summary of accounts. The beginning balance on July 1, 2009, was \$48.578 million. The plan had significant recovery this quarter. As of March 31, 2010, the plan asset value was \$56.492 million.

Dick Flemmer continued with a review of the individual investment accounts. The investment return for the quarter was 21.79%. As of April 27, the asset value was \$57 million. All the information is posted on the Employee Retirement Board website.

Jason Dilges requested a review of the asset allocation with Principal to discuss possible changes in investments and to educate the Board on what the downturn has done to the portfolio, and also to include Deloitte on discussions of the actuarial assumptions and the effects of changing the 7.5% rate of return.

Agenda Item 3: Annual Report to the Retirement Laws Committee

Jason Dilges MOVED to authorize Chairman Riter to sign the transmittal letter and to adopt the draft 2009 Plan Year Actuarial Valuation Report and submit the annual report to the State Retirement Laws Committee at the Legislative Research Council in April 2010. SECONDED by Jim Fansler. Roll was called and the MOTION CARRIED unanimously.

Agenda Item 4: Benefit Goals Questionnaire

Principal provided a Benefits Goal Questionnaire to be completed by the Board in evaluating the current investment allocations. After a review of the questionnaire, the Board determined it was not relevant to the SD DOL Employee Retirement Plan as the Plan is a closed Plan. Board is requesting Principal provide a Public Sector questionnaire which is relevant to the SD DOL employee Plan.

Agenda Item 5: Proposed Plan Amendment to Reinstate the Disallowed COLA

Jim Fansler brought a proposed plan amendment to reinstate the disallowed COLA when the Plan is healthy.

Jason Dilges suggested an amendment to the current COLA amendment to adjust the allowed COLA based on the economy instead of leaving it to the discretion of the Board. The amendment would be defined in the Plan By-laws.

Chairman Riter invited comments from the plan employees participating in the meeting via DDN. No comments from Aberdeen. Plan participant Marcia Miller (Rapid City) commented, the COLA should be paid, if funds are available.

Jim Fansler is in favor of looking into the alternative rate of range for funding the COLA and allow the Board to make the decision on the amount, similar to the State Retirement Systems COLA.

Michael de Leone suggested the Board consider a plan amendment to make it consistent with what the Board would need to do from the actuarial standpoint.

Pam Roberts recommended a subcommittee of Jason Dilges, Jim Fansler, and Dick Flemmer to work on the proposed language and get input from Principal and Deloitte. The information will be discussed at the next meeting.

There will be a 3.1% COLA for all Plan participants effective July 1, 2010.

The next meeting will be August 19, 2010, in Kneip Conference Room 3 starting at 10:00 a.m.

Jim Fansler MOVED to adjourn the meeting. SECONDED by Art Lanham. MOTION CARRIED.