

**South Dakota Department of Labor
Employees' Retirement Board
Meeting Minutes
August 29, 2012**

The South Dakota Department of Labor Employees' Retirement Board (ERB) met on August 29, 2012, with DDN locations in Pierre, Aberdeen, Custer, Rapid City, and Sioux Falls.

Members Present: Bob Riter, Jr., Jason Dilges, Pam Roberts, Mike O'Brien, Jim Fansler (DDN Custer)

Members Absent: None

Others Present: Lyle Harter, Kathie Volk, Megan Williams, Michael de Leon, Amber Mulder

Chairman Riter called the meeting to order, and roll call was taken by Megan Williams. Pam Roberts MOVED approval of the minutes from the June 25, 2012, ERB meeting as prepared. SECONDED by Mike O'Brien. MOTION CARRIED.

Business:

Michael de Leon, Senior Manager, Deloitte Consulting presented reports on the Asset Allocation and the Pension Plan Actuarial Assumption for the SD DLR retirement plan. Three options for the annual Cost of Living Adjustment (COLA) were presented and discussed by the Board:

Option 1: Maintain current COLA policy. With this option the COLA would not be eligible for payment to members for several years.

Option 2: Change the maximum COLA to 2.1 percent with no set minimum.

Option 3: Change the plan to an Annuity Purchased Based Plan with no automatic COLA.

There was unanimous consensus of the board not to continue with the current policy outlined in Option 1 because the plan would remain in "underfunded" status for several years. The board agreed to consider changing the current COLA policy to either Option 2 or 3 using a 50th percentile or below assumption.

Board members would like to hear the wishes of participants at an open forum at the next meeting to discuss a policy change.

Pam Roberts MOVED to adjourn the meeting. SECONDED by Jason Dilges. MOTION CARRIED.