

**South Dakota Department of Labor
Employees' Retirement Board Meeting
October 29, 2009**

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

Members Present

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

Absent

Jason Dilges

Others Present

Dick Flemmer
Lyle Harter
Monica Harding
Andy Szilvasi
Kathie Volk

Chairman Riter called the meeting to order and roll call was taken by secretary Monica Harding. Jim Fansler MOVED approval of the minutes from the May 26, 2009, ERB meeting as prepared. SECONDED by Art Lanham. MOTION CARRIED.

September 30, 2009, Fund Statement Summary

Dick Flemmer provided a recap of investments over the last few years. On June 30, 2007, the plan asset value was \$76 million. The plan was 150 percent funded, an all time high. On June 30, 2008, the asset value dropped to \$68 million and by June 30, 2009, it had dropped to \$48 million. The plan went from being 150 percent funded to under funded; the actuarial projected liabilities of the plan are greater than the plan's investment value.

July 1, 2009 through September 30, 2009 Investment Returns

The beginning balance on June 30, 2009, was \$48.6 million. The 30 active members left under the plan contributed \$8,577. Investment returns were \$6 million. Deductions were \$887,424 in retiree benefit payments leaving an ending balance of \$53 million. The plan had significant recovery this quarter. As of October 19, 2009, the plan value was \$54.4 million. The investment return for the quarter was 12.51 percent.

Principal Investment Advisory Report July 1, 2009 – September 30, 2009

The Performance Investment Advisory Report: Asset Allocation Review, July 1, 2009 – September 30, 2009, was presented by David Fee and Bill Jordan from Principal Financial. Currently, the investments are 60 percent stocks, 40 percent bonds and real estate.

Principal provided a Benefits Goal Questionnaire to be completed by the Board and plan members in evaluating the current investment allocations. The questionnaire is posted on the Employee Retirement Board link under Benefit Goal Questionnaire. The Board recommended they and all interested plan members complete the questionnaire and discuss at the January 7, 2010 meeting.

Jim Fansler requested new business be added to future meeting agenda's. He also asked that the proposed plan amendment to reinstate the disallowed COLA be discussed at the next Employee Retirement Board meeting.

Deloitte will be asked to attend the January 7, 2010, meeting to report on the July 1, 2009, Actuarial Valuation. The meeting will be in Kneip Conference Room 3 starting at 10:00 a.m.

Jim Fansler MOVED to adjourn the meeting. SECONDED by Pam Roberts. MOTION CARRIED.