

**South Dakota Department of Labor
Employees' Retirement Board
Meeting Minutes
November 6, 2012**

The South Dakota Department of Labor Employees' Retirement board (ERB) met on November 06, 2012, with DDN locations in Pierre, Aberdeen, Rapid City and Sioux Falls.

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

Members Absent: None

Others Present: Lyle Harter, Kathie Volk, Michael de Leon, Amber Mulder, Monica Harding

Chairman Riter called the meeting to order, and roll call was taken by Monica Harding. Jim Fansler MOVED to approve the minutes from the August 29, 2012, ERB meeting as prepared. SECONDED by Mike O'Brien. MOTION CARRIED.

Business:

Michael de Leon, Senior Manager, Deloitte Consulting presented actuarial views, "COLA Policy Considerations," for the two options requested by the board. The two options were presented and discussed by the board and attending members through the open forum:

Option 1: Change the maximum COLA to 2.1 percent with no set minimum.

Option 2: Change the plan to an annuity purchase asset based plan with no automatic COLA.

The consensus of the board was to go forward with Option 2. Pam Roberts MOVED to direct the department to draft a plan amendment. The amendment would change the plan to an annuity purchase, asset-based plan with no automatic COLA. SECONDED by Jim Fansler. MOTION CARRIED.

Discussion followed that the amendment shall contain a two point determination for a COLA to be given.

1. The average of the Plan's asset value as of the close of market for each day of the month of April preceding the adjustment date.
2. The Plan's present value of future benefits as of April 15 preceding the adjustment date, based on the Plan's most recent actuarial valuation and by using the settlement-based discount rate and future cost of living adjustment assumption from that report.

The hearing giving the members the opportunity to discuss an amendment to the Plan will be set.

Jason Dilges MOVED to adjourn. SECONDED by Jim Fansler. MOTION CARRIED.