

**South Dakota Department of Labor
Employees' Retirement Board Meeting
March 28, 2007**

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

Members Present

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

Members Absent

Jason Dilges

Others Present

Dick Flemmer
Kathie Volk
Lyle Harter
Monica Harding
Bill Jordon, Principal
David Fee, Principal

Chairman Riter called the meeting to order.

Art Lanham MOVED approval of the minutes from the January 3, 2007, ERB meeting as prepared. SECONDED by Jim Fansler. Motion Carried.

New Business

July 1, 2006, Actuarial Valuation Updates

Dick Flemmer gave a review of the July 1, 2006, Actuarial Valuation. The report was prepared by Deloitte Company.

- Starting with this actuarial report, the mortality tables have been updated to reflect that people live longer.
- The present value of projected benefits is less than the value of the assets. Assets far exceed the projected liabilities.
- The active participants dropped from 70 as of July 1, 2005, down to 58 as of July 1, 2006. There are 208 retirees and beneficiaries.
- There are \$69 million in assets in various accounts managed by Principal for the system.
- The present value of projected benefits is \$52,879,000. The actuarial value of the assets plus the present value of future employee contributions is \$69,258,000.
Thus plan assets exceed projected benefits by \$16,379,000.

Jim Fansler MOVED to adopt and submit the 2006 Plan Year Actuarial Valuation Report to the State Retirement Laws Committee at the Legislative Research Council.
SECONDED by Art Lanham. MOTION CARRIED.

COLA Underpayments for Beneficiaries

Pam Roberts questioned the status of payments for the outstanding COLA underpayments for beneficiaries which were authorized by the board at the last meeting. Checks will be sent out June 1st for the affected years of 2000, 2005 and 2006.

Dick Flemmer reported that investment values return based on total assets for July 1, 2006, to December 31, 2006, was 9.45%. Again for the first six months of this plan year, asset investment earnings are exceeding the assumed investment earnings of 7.5%.

Presentation by Principal Financial

The Performance Investment Advisory Report, January 1, 2006 – December 31, 2006 was presented David Fee and Bill Jordan from Principal Financial. Plan performance for one year as of December 31, 2006 was 12.5 %. The weighed index benchmark was 12.1% per year. Plan performance for three years as of December 31, 2006 was 10.3% per year. The weighed index benchmark was 9.07% per year over that time period. Plan performance for five years as of December 31, 2006 was 7.5%. The plan is meeting the 7.5% expectation over the last 5 years.

This information as well as the actuarial study will be posted on the DOL website at www.sdjobs.org. Select “Programs”, “Boards and Commissions.”

Completed survey results for plan sponsors were handed out. These were completed by Chatham Company and the Principal Due Diligence Program for the 2006 Year in Review.

Principal will offer retirement seminars at no cost to the plan participants. They will cover information on the pensions, medical, estate planning, and wills and trusts. It was suggested these seminars be offered in multiple locations (Aberdeen, Sioux Falls, Pierre, Rapid City) as well as for individual consultations.

The next meeting will be scheduled in August or September after the Employee Retirement Board election process is complete.

Pam Roberts MOVED to adjourn meeting. SECONDED by Jim Fansler. Motion Carried.

Respectfully submitted,

Robert Riter, Jr.
Chairman