

**South Dakota Department of Labor  
Employees' Retirement Board Meeting  
May 26, 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  
Jason Dilges

**Others Present**

Dick Flemmer  
Lyle Harter  
Monica Harding  
Dawn Dovre  
Kathie Volk

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 April 29, 2009, ERB meeting as prepared. SECONDED by Art Lanham. MOTION CARRIED.

**Cost of Living Adjustment (COLA) Amendment**

Members of the Employee Retirement Board (ERB) Plan were notified by mail (along with the information being posted to the ERB website) as to the meeting on the proposed Plan Amendment No. 1, which would eliminate the COLA and not have a COLA for the years where the accrued liability exceeded the Plans investments. The amendment reads:

“However, no increase in the amount of monthly retirement benefit payments to an Annuitant shall occur in any year in which the fair market value of the Plan's assets, determined on the April 30 immediately preceding the Adjustment Date, are less than the Plan's actuarial accrued liability for such year as stated in the Plan's most recent actuarial valuation report.”

Jim Fansler affirmed the language complies with the intent of his motion from the April 29, 2009, ERB meeting.

Art Lanham asked the minutes to reflect that after the April 29 meeting he had second thoughts regarding his support of the amendment, but now is reaffirming his support of the Fansler motion.

Pam Roberts asked the Board if they have heard any comments from Plan members. Jim Fansler reported he had spoken with several members in Aberdeen.

Chairman Riter called for comments from the Plan members. Peggy Kimball of Rapid City suggested the Board consider reimbursing the retired members with a bonus if at some point in the future the Plan is back to excess assets.

Chairman Riter indicated if the circumstances change in the future, then the Board can look at the issue anew.

Jim Fansler MOVED to approve COLA Amendment No. 1 and authorize the Secretary of Labor, Pam Roberts, to execute the Plan Amendment. SECONDED by Art Lanham. MOTION CARRIED unanimously on roll call vote.

**June 30, 2009 Actuarial Report**

Actuarial liability of the Plan as of July 1, 2008 was \$54 million. This accrued liability exceeds the fair market value of the assets on April 30, 2009 by approximately \$7 million dollars. On April 30, 2009, the fair market value of the assets was \$47 million. Therefore, based on the Plan Amendment there will be no July 1, 2009, COLA increase.

Actuaries estimate by foregoing the July 1, 2009 COLA increase, the Plans accrued liability would be reduced by \$1.2 million.

Dick Flemmer gave a review of the portfolio investments – Allocation July 1, 2008 through April 30, 2009. The fair market value of the investments is \$47.2 million. Principal real estate investments/U.S. Property Separate Account has a balance of \$3.1 million. This is owned property value of Principal, shopping centers, malls, office buildings, etc.

Principal will be asked to attend the next ERB and provide an update and review of the Plan portfolio in their September asset allocation report.

The Retirement Plan is now posted on the ERB link.

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