

Meeting Minutes
DEPARTMENT OF LABOR EMPLOYEE RETIREMENT BOARD
Missouri River Plaza, Sharpe Conference Room
123 W. Missouri Ave., Pierre
October 11, 2018 1:00 p.m. CDT

The South Dakota Department of Labor Employee Retirement Board met on October 11, 2018. DDN locations were in Aberdeen, Rapid City, and Sioux Falls.

Members Present: Chairman Bob Riter, Mike O'Brien, Jim Reeve, Secretary Marcia Hultman, and Liza Clark

Present in Pierre: Emily Ward, Jennifer Kamps, David Fee

Present via Phone Conference: Paul Dewitt, Jason Gratson and Michael de Leon

Present via DDN: Elaine Sullivan, Dale Bendewald, Amber Mulder, Teresa Knoll, Cynthia Herr, Betty Likness, John Bender, Dan Thielsen, Sharon Schnabel, Dennis Coull, and Marcia Miller

Chairman Riter called the meeting to order at 1:00 p.m. CDT. Jennifer Kamps called the roll. A quorum was present.

Liza Clark made a motion to approve the May 31, 2017 meeting minutes. Mike O'Brien seconded the motion. MOTION PASSED.

Michael de Leon from Deloitte presented the Annuity Tracking Proposal. The proposal presented was to send out the most recent financial data to get an initial bid from annuity companies for a zero and three percent cost of living adjustment (COLA) rate. Once Deloitte receives the bids from the annuity company they will create a monthly report that monitors the annuities rates. Deloitte would provide monthly reports showing the cost annuity and the COLA percentage that the members would receive if they decide to purchase annuities.

Jason Gratson from Deloitte discussed the processes that would accrue after the decision to purchase annuities was made. He brought up the steps the retirement board would need to put in place if the COLA percentage reaches a realistic percentage that the members would accept.

After Deloitte discussed the proposal the Board discussed the two contracts drafts Deloitte submitted to the Department of Labor and Regulation. The first contract was the annuity tracking. The contract is for \$40,000 plus 10% of the admin expenses. This contract would cover the monthly annuity tracking Michael de Leon and Jason Gratson presented. The contract only covers the monthly reports it does not cover any cost that potentially incurred if the board decides to purchase annuities.

The second contract is the annual actuarial and stochastic analysis contract. The Annual Actuarial & Stochastic Analysis contract is the usual annual contract. The contract has two sections: the Annual Actuarial and the Stochastic Analysis. The annual actuarial portion of this contract cost \$28,000 plus the 10% of admin expenses. This portion covers the actuarial valuation report that Deloitte completes yearly and the calculation for the COLA percentage rate. The Stochastic Analysis portion gives a broad view on if the plan can afford to purchase annuities, and is quoted at \$11,300 plus the 10% of admin expenses.

Mike O'Brien made a motion to approve the Annuity Tracking Proposal Contract provided the contract reflects the modification for bid rates of 1% COLA to 3% COLA and the dates subjected to the approval of legal counsel and Secretary Hultman. James Reeves seconded the motion. MOTION PASSED.

Liza Clark made a motion to approve the Annual Actuarial contract provided the Stochastic Analysis portion is excluded. Second by Mike O' Brien. MOTION PASSED.

Liza Clark made a motion to adjourn. Mick O'Brien seconded the motion. MOTION PASSED at 2:23 p.m. CDT.