

**Minutes
Firefighters' Pension Fund Board of Trustees
February 6, 2013
Quarterly Meeting**

Call to Order: Chair Pro-tem Matthew McAreavey called the meeting of the Firefighters' Pension Fund Board of Trustees to order at 8:30 a.m. at the Main Library.

Board Members Present: Donn Hill
Paul Livermore
Matthew McAreavey
Mark Sivertson

Board Members Absent: Randy Farland

Staff Members Present: Bill O'Toole, Director of Human Resources
Tracy Turbak, Director of Finance
Tom Huber, Assistant Director of Finance
Gail Eiesland, Deputy City Attorney
Angie Uthe, Compensation & Benefits Manager
Kathy Pottebaum, Payroll/Benefits Specialist

Others present: Employee's Retirement System Board of Trustees members:
Cathy Bianchi, Matt Burns, Shawna Goldammer & Angeline Lavin
Howard Pohl - Becker, Burke & Associates
Louise Gates – Gabriel Roeder Smith & Co.

The Firefighters' Pension Fund Board of Trustees and the Employee's Retirement System Board of Trustees met in joint session.

A motion was made by Hill, seconded by Sivertson, to approve the November 7, 2012 meeting minutes. Motion carried unanimously.

Howard Pohl presented the Board with the 2012 fourth quarter performance report. The market value of the Plan increased from \$108.5 million to \$110.8 million. The funds had a rate of return of 2.2% in the fourth quarter compared to the 1.8% median of the Becker, Burke Plan universe. The annual return was 14.8% compared to the median of 12.7%. Results for the past five years of 4.4% were above the 3.0% median. The Total Plan had 50% of its quarter end assets with domestic equity managers, 17% with international developed markets, 3% with international emerging markets, 24% in domestic bonds, and 6% in real estate. The total plan had top third performance relative to all plans in the quarter and was in the top quartile for the year. It was top quartile for five years. Risk, as measured by the fluctuation of quarterly returns was top quartile, while the reward/risk ratio was above average.

Pohl also reviewed the board's annualized returns from December 31, 1994, through December 31, 2012, illustrating the following results:

Total Fund	9.4%
Domestic Equity	10.1%
S&P 500	8.5%
International Equity	7.5%
EAFE	4.7%
Fixed Income	8.5%
Barclays Aggregate	6.7%

Tom Huber briefly discussed the current asset allocation of the portfolio compared to target range. No action needed.

Billy Williams and Andrew Chorlton with STW Fixed Income Management LLC discussed the upcoming acquisition of their firm by Schroder US Holdings Inc.

A motion was made by Livermore, seconded by Sivertson, to recommend the Mayor sign the consent of assignment of the City’s Investment Advisory Agreement from STW to Schroder US Holdings Inc. Motion passed unanimously.

Matt McAreavey briefly discussed the possibility of implementing the stipend benefit in 2013 instead of the Board approved January 2014 effective date for all employees. Due to timing considerations, McAreavey agreed that pursuing this change is not feasible and no board action is necessary.

Bill O’Toole gave an update on the status of House Bill 1024, which authorizes City of Sioux Falls membership in the South Dakota Retirement System for employees hired as of July 1, 2013. The legislation has passed unanimously in both the House and Senate. The next step is for the bill to go to the Governor.

Angie Uthe handed out the proposed City Ordinance revisions related to the upcoming plan design changes. These revisions will go to the City Council for adoption following the finalization of House Bill 1024.

Louise Gates presented the Actuarial Study on Future Assumptions and Methods. Assumption/Method studied included: rates of retirement, rates of termination, loads on final average compensation for banked time, disability rates, merit and longevity rates, rates of death, funding value of assets, amortization method/period and interest rate. The administrative team discussed the need for some flexibility as the new design changes were implemented and as the savings from the changes begin to materialize over the next several years. The team outlined four primary five-year objectives for the Board’s to consider.

A motion was made by Hill, seconded by Sivertson to accept the Actuarial Study on Future Assumptions and Methods and adopt the Five Year Objectives related to the findings as follows:

- **Stabilize and reduce the City’s contribution rates**
- **Update the Mortality Table from GAM 1983 to RP 2000 projected to 2020,**
- **Reduce the investment assumption from 7.75% to 7.25%, and**
- **Maintain the Wage Inflation Assumption at 4.25%.**

Motion passed unanimously.

A motion was made by Hill, seconded by Sivertson, to re-elect Paul Livermore as Trustee with the Firefighters' Pension Fund Board of Trustees. Motion carried unanimously.

A motion was made by Sivertson seconded by Hill, to enter into executive session pursuant to SDCL 1-25-2 and 1-27-1.5(2), for review of personal medical records for purposes of determining eligibility for disability benefits. Motion carried unanimously.

A motion was made by Sivertson, seconded by Hill, to exit executive session. Motion carried unanimously.

A motion was made by Hill, seconded by Sivertson, to approve non-duty disability benefits for Anthony Drovdal. Motion carried unanimously.

A motion was made by Sivertson, seconded by Hill, to adjourn the meeting. Motion passed unanimously.

The Board adjourned at 11:45 a.m.

Respectfully submitted,

Angie Uthe
Recording Officer