BOARD MEETING

SOUTH DAKOTA RETIREMENT SYSTEM

April 2, 2015

The Board of Trustees of the South Dakota Retirement System held its regular Board meeting on April 2, 2015. The meeting began at 8:30 a.m. in the Downstairs Conference Room at the View 34 Restaurant in Pierre.

BOARD MEMBERS IN ATTENDANCE:

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Elmer Brinkman, Chair
Karl Alberts
Steven Caron
Jason Dilges
Jilena Faith
Laurie Gill
Laurie Gustafson
James Hansen
James Johns
Louise Loban
Bonnie Mehlbrech
Matt Michels
KJ Peterson
Eric Stroeder
Steve Zinter
Matt Clark – Ex Officio

Board member Dave Merrill was absent.

OTHERS IN ATTENDANCE:

Don Eibsen, Buck Consultants
Bruce Hopkins, CEM Benchmarking
Hank Kosters, PARTA
Bob Mercer, Newspaper
Eric Ollila, SDSEO

Aaron Olson, LRC
Paul Schrader
Dave Slishinsky, Buck Consultants
Sandra Waltman, SDEA
Don Zeller
Rob Wylie
Travis Almond
Doug Fiddler
Susan Jahraus
Michelle Mikkelsen
Jess Reitzel
Jane Roberts
Dawn Smith
Jacque Storm

AGENDA ITEM 1
APPROVAL OF MEETING MINUTES

Board Action
IT WAS MOVED BY MS. FAITH, SECONDED BY MS. GILL, TO APPROVE THE MINUTES OF THE DECEMBER 4, 2014, BOARD MEETING. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

AGENDA ITEM 2
EXECUTIVE DIRECTOR/ADMINISTRATOR'S EVALUATION

Summary of Discussion
Mr. Elmer Brinkman, SDRS Board Chair, informed the Board that he had received and tallied the results of the Executive Director/Administrator's evaluation.

Board Action
IT WAS MOVED BY DR. HANSEN, SECONDED BY MR. ALBERTS, TO GO INTO EXECUTIVE SESSION PURSUANT TO SDCL 1-25-2 FOR PERSONNEL MATTERS. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

IT WAS MOVED BY LT. GOV. MICHELS, SECONDED BY MS. GUSTAFSON TO AUTHORIZE THE SAME ACROSS-THE-BOARD SALARY ADJUSTMENT FOR THE EXECUTIVE DIRECTOR/ADMINISTRATOR AS THE GOVERNOR APPPROVED FOR ALL OTHER STATE GOVERNMENT

EMPLOYEES. IT WAS FURTHER MOVED THAT THE EXECUTIVE DIRECTOR/ADMINISTRATOR WORK WITH THE COMMISSIONER OF THE BUREAU OF HUMAN RESOURCES TO DO A MARKET ANALYSIS ON SDRS STAFF COMPENSATION. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

AGENDA ITEM 3
2015 LEGISLATIVE REPORT

Summary of Discussion
Ms. Jacque Storm, SDRS General Counsel, discussed the 2015 Legislative Session. She explained that all of the SDRS bills passed through both bodies of the Legislature without a dissenting vote and were signed by the Governor.

Mr. Rob Wylie, SDRS Executive Director/Administrator stated that there were several other bills SDRS was watching during the Legislative Session. These bills included the bills that might impact SDRS in some way.

Board Action
No action was required.

AGENDA ITEM 4
FY2016 BUDGET REPORT

Summary of Discussion
Ms. Jane Roberts, SDRS Chief Financial Officer, stated that the budget went very well this year. She noted that SDRS asked for an increase of $38,452 in the budget and that increase was approved.

Board Action
No action was required.

AGENDA ITEM 5
FY2015 INVESTMENT UPDATE

Summary of Discussion
Mr. Matt Clark, State Investment Officer, stated that through March 31, the estimated return for SDRS was 2.4 percent.

Board Action
No action was necessary.

AGENDA ITEM 6
REVIEW OF PROJECTED FUNDED STATUS

Summary of Discussion

Mr. Doug Fiddler, SDRS Senior Actuary, stated that as of June 30, 2014, the SDRS market value funded ratio was 107 percent and the actuarial value funded ratio was 100 percent.

If the investment return for the fiscal year ending June 30, 2015, would be 2.5 percent, advised Mr. Fiddler, the market value funded ratio would decrease to 103 percent and the actuarial value funded ratio would remain at 100 percent.

With a 2.5 percent return, stated Mr. Fiddler, the minimum annual investment return required to utilize the "cushion" over the next five, 10, and 20 years would be 6.7 percent, 7.1 percent, and 7.2 percent, respectively. He noted that the required net investment returns consider the risk management contribution made until the cushion is exhausted at the end of each period. At that point, investment returns (less the effect of the risk management contribution) must equal or exceed the assumed investment return to avoid creating a deficit. Future risk management contributions will reduce the net investment income required by approximately 0.39 percent below the assumed investment return.

Mr. Fiddler stated the minimum annual net investment return required to avoid corrective actions over the next five, 10, and 20 years with a 2.5 percent return would be 2.2 percent, 4.9 percent, and 6.3 percent respectively. Lower returns will result in crossing the SDCL 3-12-122 thresholds for corrective action.

AGENDA ITEM 7
CEM REPORT

Summary of Discussion

Mr. Wylie explained that since the first CEM Benchmarking report was completed for SDRS in 2005, there have been many improvements made in the customer service areas of SDRS.

Mr. Bruce Hopkins, Vice President, CEM, stated that SDRS was by far one of the smallest state plans that CEM had in their study and was the smallest system in the peer group used for comparison of SDRS.

Mr. Hopkins noted that SDRS' total pension administration cost per active member and annuitant was $61. This was higher than in the past years because of the major project of the data transformation system upgrade.

Some of the reasons why SDRS' total cost was below the peer average included the lower transactions per members, higher transactions per FTE, lower costs per FTE for salaries and benefits, lower third-party and other costs in front–office activities, and paying less for back-office activities.

The total service score for SDRS, advised Mr. Hopkins, was 84 out of 100. This was above the peer median of 78. CEM defines service from the member's perspective as faster turnaround times, more availability, more choice, and higher quality.

The key takeaways from this year's CEM report, stated Mr. Hopkins, were:

- SDRS' cost of $61 per member and annuitant was among the lowest of the peer group and one of the lowest in CEM's universe.
    - The primary reasons why:
        - Lower costs per FTE
        - Higher transaction volumes per FTE
- SDRS service score was 84 – above the peer median score of 78.
- SDRS has maintained or increased its service levels in all activities.

Board Action

IT WAS MOVED BY MS. MEHLBRECH, SECONDED BY MS. GUSTAFSON, TO ACCEPT THE CEM REPORT AS PRESENTED BY THE REPRESENTATIVE OF CEM BENCHMARKING. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

AGENDA ITEM 8
QUADRENNIAL INVESTMENT PERFORMANCE REVIEW

Summary of Discussion:

Mr. Don Eibsen, Principal and Investment Consultant, Buck Consultants, stated that the quadrennial review is required by SDCL 3-12-118. It is an independent report that reviews the investment performance during the last four-year period ending June 30, 2014.

This report, advised Mr. Eibsen, examines:

- Detailed, independent calculation of returns compared to reported returns;
- Asset allocation compared to plans of similar size or nature;
- Changes in asset allocation compared to marketplace trends;
- Effect of allocation on total return;
- Review of appropriateness of benchmarks; and
- Comparison of performance by asset class to passive benchmarks.

Mr. Eibsen stated that the first three items all have to do with asset allocation. SDRS has a lower allocation to fixed income, equity, and alternatives, and a higher allocation to real estate and cash as compared to other funds of similar size and nature. The SDRS asset allocation tends to be ahead of current trends. Through 2013, peer groups have reduced allocations to fixed income and increased allocations to real estate and alternatives to levels on par with 2001 SDRS allocations.

During the independent calculation of returns compared to the reported returns, SDRS' reported returns matched Buck's calculated returns.

The MSCI US REIT Index, stated Mr. Eibsen, may not be the best benchmark available to measure SDRS real estate. The NCREIF Closed-End Value-Add Index appears to better reflect the nature of the SDRS real estate program.

Mr. Eibsen noted that the report shows that the Investment Council staff has added value in the different categories compared to a passive approach or outsourcing to other managers.

SDRS performed better than peer funds in the four-year period against each universe. The SDRS fund outperformed during each fiscal year except for 2012, where it lagged by 11 basis points.

Overall, stated Mr. Eibsen, SDRS placed at the 1st percentile among similar public funds (better than 99 percent of the universe) over the four-year period.

Board Action:

IT WAS MOVED BY DR. HANSEN, SECONDED BY JUSTICE ZINTER, TO ACCEPT THE QUADRENNIAL INVESTEMENT PERFORMANCE REVIEW AS PRESENTED BY THE REPRESENTATIVE OF BUCK CONSULTANTS. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

AGENDA ITEM 9
EFFECTIVE RATE OF INTEREST FOR FY2016

Summary of Discussion

Ms. Jane Roberts noted that SDCL 3-12-47(27) states that SDRS's annual effective rate of interest shall be no greater than 90 percent of the average 91-day United States Treasury bill rate for the immediately-preceding calendar year.

Advising that the United States 91-day Treasury bill rate was 0.03 percent for 2014, Ms. Roberts stated that 90 percent of the rate is 0.027 percent. She noted that this interest rate would be credited on July 1, 2016, for the period of July 1, 2015, through June 30, 2016.

Board Action

IT WAS MOVED BY MS. PETERSON, SECONDED BY MR. ALBERTS, TO SET THE EFFECTIVE RATE OF INTEREST FOR FY 2016 AT 0.027 PERCENT. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

AGENDA ITEM 10
SET FY2016 SUPPLEMENTAL PENSION BENEFIT INTEREST RATE ASSUMPTION

Summary of Presentation

Mr. Wylie stated that the Board needed to establish the periodic Supplemental Pension Benefit interest rate assumption. He added that the interest rate assumption could not be greater than the actuarial assumed rate of return for SDRS, nor could it be less than the SDRS effective rate of interest.

He advised that the interest rate assumption is established based on the recommendations of both the System's actuary and the State Investment Officer with the input of the Executive Director/Administrator. The actuary recommended between 2.5 and 3.5 percent and the state investment officer recommended between 3.5 and 4 percent.

Based on all of the information, stated Mr. Wylie, it was his recommendation that the Board set the Supplemental Pension Benefit interest rate assumption at 3.5 percent, effective July 1, 2015.

Board Action

IT WAS MOVED BY MS. GUSTAFSON, SECONDED BY MR. STROEDER, TO SET THE INTEREST RATE FOR THE SUPPLEMENTAL PENSION BENEFIT AT 3.5 PERCENT, EFFECTIVE JULY 1, 2015. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

AGENDA ITEM 11
PRE-RETIRMENT SURVEY

Summary of Discussion

Mr. Wylie stated that the survey was sent out to over 8,800 Class A members over age 50. There were 2,934 surveys received for a response rate of 33 percent. Of the survey's received, 60 percent of those were from women and 70 percent were from members between the ages of 50 and 60.

Approximately 50 percent of the respondents had 20 or more years of service with SDRS. Fifty percent also plan to retire in the next five years, and the number jumps to 80 percent in the next 10 years.

Many issues were noted as influencing when a member retired. The most noted was health/health insurance, followed by the Rule of 85 and spouse/family. Mr. Wylie noted that 56 percent of respondents also worried that they would not have enough money for retirement and 69 percent worried that their benefits would not keep up with inflation.

Board Action

No action was necessary.

AGENDA ITEM 12
PRELIMINARY RESULTS OF BOARD REQUESTED INFORMATION

Summary of Discussion

Mr. Fiddler stated that that Class A median retirement age has increased from 61.4 to 62.6 since 2005. The Class A median service at retirement has decreased from 25 years to 21 years during that same time period.

Breaking that down by type, noted Mr. Fiddler, the normal retirement age has stayed the same, the reduced early retirement age has increased slightly and the unreduced early retirement age (Rule of 85) has increased from 58.4 to 61.3.

The total number of retirements has steadily risen by 76 percent since 2005. Normal retirements have increased by 145 percent from 198 in 2005 to 486 in 2014. Reduced early retirements have increased 105 percent (229 to 469) and unreduced early retirements (Rule of 85) have increased by 21 percent (369 to 448). This shows that the percentage of normal retirements has increased significantly (24.9 percent to 34.6 percent) while the percentage of reduced early retirements has only increased moderately (28.8 percent to 33.4 percent). However the percentage of unreduced early retirements has dropped dramatically from 46.4 percent to 31.9 percent.

The number of unreduced early retirements at age 55 has decreased by 60 percent even though total retirements have been increasing, stated Mr. Fiddler. The number has not changed much between ages 56 and 59 but has increased significantly for ages 60 and above. The number of reduced early retirements has increased at all ages.

Mr. Fiddler stated that the number of early retirements (Rule of 85) prior to age 57 has decreased while the number of reduced early retirements has increased. He noted that in 2005, prior to the law change in 2010, there were 137 members ages 55 and 56 who retired under the "Rule of" with 45 of those members returning to work. In 2014 there were only 68 members in that age group who retired with none of them returning to work. This shows that approximately one-third of the unreduced early retirements at age 55 and 56 were members returning to work. The resulting reduction in unreduced early retirements has been a significant factor increasing the median retirement age.

In summary, advised Mr. Fiddler, Class A members are retiring later mostly due to fewer members retiring with an unreduced early retirement benefit and more members staying until age 65 or later. The most dramatic shift has been the decrease in members retiring with an unreduced benefit when first eligible at age 55 with the percentage of retirements at or over normal retirement age (age 65) increasing from 25 to 35 percent. He added that factors for the changing retirement patterns included:

- The modification of return to work provisions;
- Continuing escalation of health care costs;
- The economic downturn of 2008-2009 and its impact on members resources;
- Increased awareness of retirement income needs; and
- Eligibility for Social Security benefits.

Based on retirements during FY 2014, 32 percent of retirements are unreduced early (Rule of 85) retirements with a median retirement age of 61.3. On average, these members are receiving a retirement benefit with a present value that is approximately 25 percent greater than a normal retirement (age 65) benefit.

Reduced early retirements were 33 percent of all retirements during FY 2014 with a median retirement age of 60.7. On average, these members are receiving a retirement benefit with a present value that is approximately 10 percent greater than a normal retirement (age 65) benefit.

In total, advised Mr. Fiddler, 65 percent of Class A retirements during FY 2014 received a subsidy due to early retirement.

Moving to Class B Public Safety retirement utilization, Mr. Fiddler stated that because there were fewer retirements, the trends were not as defined. However, the increase in the median retirement ages is not as significant as for Class A increasing only 0.4 years since 2005. There were fewer public safety members retiring with an unreduced early retirement benefit (Rule of 75) while the percentage of public safety retirements at or over normal retirement age (age 55) increased. The same potential factors are likely impacting public safety retirements.

Based on retirements during FY2014, 20 percent of retirements are unreduced early retirements (Rule of 75) with a median retirement age of 52.8. On average, these members are receiving a retirement benefit with a present value that is approximately 11 percent greater than a normal retirement (age 55) benefit.

Reduced early retirements were 32 percent of all retirements occurring in FY 2014 with a median retirement age of 49.5. On average, these members are receiving a retirement benefit with a present value that is approximately 13 percent greater than a normal retirement (age 55) benefit.

Mr. Fiddler stated that over 50 percent of public safety members who retired during FY 2014 received a subsidy due to early retirement.

Mr. Wylie explained the PRO utilization – refund history. He stated that total refunds of accumulated contributions peaked at $29 million in FY 2010 and has leveled off at approximately $25 million per year since then. The number of members receiving refunds peaked in 2007 at 2,630 and has stabilized at approximately 2000 members per year. This includes refunds paid to non-vested members. While the number of members and dollar amount of refunds have stayed virtually the same, Mr. Wylie noted that as a percentage of the portfolio and membership, those numbers are actually going down.

Mr. Wylie stated that the PRO utilization has a strong correlation with service. Utilization also varies by age at termination with higher rates before age 25 but without much difference between age 25 and 50 for Class A members. Meanwhile, a significant portion of terminating Class B members with less than 12.5 years of service are electing the PRO.

Mr. Fiddler stated that at the December Board meeting, the Board was shown a presentation explaining the cost impact of certain subsidies/above average practices including special early retirement, early retirement, and post-retirement survivor benefits.

Mr. Fiddler stated that the amount of the accrued liabilities due to the subsidies for all active members ($750 million) would only be eliminated or reduced if changes to the subsidies were made for current members. The amount of the normal cost (1.51 percent of pay) due to the subsidies for all active members would only be immediately reduced or eliminated if changes to the subsidies were made for future service of current members. The amount of the normal cost would slowly decrease if changes to the subsidies were made for new members only assuming the subsidies were eliminated for new members only and a stable SDRS population with similar demographics as the current membership continued.

Mr. Paul Schrader, SDRS Consultant, stated that the SDRS funding policy allows for consideration of benefit improvements when the Fair Value Funded Ratio (FVFR) will remain above 120 percent after the improvement. The SDCL 3-12-122 and the 2010 Board strategy resulted in a recommendation of corrective action to return to 80 percent FVFR when it falls below that.

Mr. Schrader gave an illustration of the long-term impact of flexible benefits (account based on features whose value moves with fair market returns) on the funded status of SDRS based on different assumptions. He also illustrated the impact of making benefit improvements in the form of flexible benefits rather than fixed benefits.

Mr. Schrader stated that having a portion of liabilities tied to investment return mitigates the impact of severe economic downturns. If 10 percent of benefits and liabilities were flexible at June 30, 2000, the June 30, 2009, FVFR would have been 79.6 percent, about $25 million below the SDCL 3-12-122 (1) and (2) thresholds. A higher percentage of flexible benefits would have only crossed threshold (3).

If the benefit improvements made in 2000 ($231 million) and 2008 ($355 million) had been flexible benefit improvements, the June 30, 2009, FVFR would have been 79.1 percent, $86 million below the SDCL 3-12-122 (1) and (2) thresholds. Only $86 million of the 2010 corrective action of $368 million would have been required to meet the thresholds.

Moving to the Class A/Class B subsidy analysis, Mr. Fiddler noted that results of the last detailed analysis in 2010 shows that the fixed contributions were adequate to pay the normal cost and expenses and that no subsidy existed.

Changes since that analysis include fully funding the liabilities, changing assumptions, entry-age normal cost rates reinitialized, and the risk management contribution (RMC) introduced. A preliminary analysis indicates that these changes will have a significant impact on normal costs.

The historical approach, (fixed contribution adequate to pay normal costs and expenses), does not address the relative normal cost compared to the contributions and the amount remaining to fund the RMC. Based on the 2014 actuarial valuation and modified Judicial assumptions, Class B Public Safety and Judicial do not meet the objective and a subsidy exists.

An alternate approach, advised Mr. Fiddler, would be to have the fixed contributions adequate to pay the normal costs and expenses and also have the same percent of pay allocated to the RMC. Based on the 2014 actuarial valuation and modified Judicial assumptions, Class B Public Safety and Judicial do not meet the objective and a subsidy exists.

Board Action
No action was necessary.

AGENDA ITEM 13
TYING IT ALL TOGETHER

Summary of Discussion
Mr. Schrader stated that the topics discussed at this meeting all relate to sustainability, current subsidies, unanticipated costs, or above average practices in SDRS. The following example is an example of a new plan design for new members that eliminates subsidies and addresses other above average practices. It meets the income replacement goals for career members for each class and provides flexible design features, and results in a normal cost that is less than the fixed statutory contributions and equalizes the risk management contribution (RMC) for all classes. While this example is intended to meet the objectives outlined, advised Mr. Schrader, variations could also be considered.

The SDRS benefit practices that have been reviewed over several Board meeting include the following subsidies:

- early retirement,
- special early retirement (Rule of),
- post-retirement survivor benefit,
- Class A/Class B, and
- return to work.

Other practices that have been reviewed include:

- income replacement at retirement,
- retirement ages/improved life expectancy,
- inflating final average compensation,
- vesting,
- PRO,
- indexing of vested benefits,
- alternate formula,
- COLA in excess of inflation, and
- the need for additional retirement savings.

Mr. Schrader noted that SDRS is a leader in best practices, sound financial management, and innovative benefits. The Board's objectives go beyond sustainability to include maintaining a fully funded plan that is managed within fixed statutory contributions. SDRS is currently fully funded and has no financial requirement to reduce benefits which makes it a good time to consider a new mix of benefits. Providing a portion of benefits that will vary with experience is very beneficial to maintaining the Board's funding goals. Additionally, eliminating or reducing subsidies provides resources for alternative hybrid and variable benefits. A revised benefit structure may better meet human resources goals and will give members a direct participation in the investment performance of SDIC. Benefit changes for only new members avoids legal issues and planning concerns for current members.

A new plan design for new members could increase the likelihood of sustainability and avoidance of corrective actions in the future. It could eliminate or decrease subsidies, inequities, and unanticipated costs and restructure benefits without requiring additional contributions. A new design could also add more variable benefits with savings, recognize increasing life expectancy, meet income replacement goals for career employees, enhance hybrid features of SDRS, and maintain equity with current members.

Mr. Schrader illustrated potential new member plan designs.

New Plan Terms for Class A members:

- Normal Retirement Age: 67
- Early Retirement Age: 57
- 5% per year reduction for early retirement
- No Special Early Retirement
- Base benefit formula: 1.8%
- Five-Year final average compensation
- Post-retirement survivor benefit available at member cost
- COLA limited to CPI but not less than 1% (minimum of 1%, maximum of 3.1%)
- No alternate formula

New Plan Terms for Class B Public Safety members:

- Normal Retirement Age: 57
- Early Retirement Age: 47
- 5% per year reduction for early retirement
- No Special Early Retirement
- Base benefit formula: 2%
- Five-Year final average compensation
- Post-retirement survivor benefit available at member cost

- COLA limited to CPI but not less than 1% (minimum of 1%, maximum of 3.1%)

New Plan Terms for Class B Judicial members:

- Normal Retirement Age: 67
- Early Retirement Age: 57
- 5% per year reduction for early retirement
- No Special Early Retirement
- Base benefit formula: 3.33% for 1st 10 years, 2% for next 10 years and 1.8% after
- Five-Year final average compensation
- Post-retirement survivor benefit available at member cost
- COLA limited to CPI but not less than 1% (minimum of 1%, maximum of 3.1%)

Mr. Schrader stated that the outcome of the above changes were that the overall RMC for new members would increase slightly to 1.8 percent of pay. However, the normal costs plus an equivalent RMC for each class are less than the total statutory contributions resulting in immediate funding of a variable, hybrid account within SDRS based on the lower cost of the new plan design.

Based on the 2014 actuarial valuation results, a variable benefit contribution (VBC) of approximately 1.5 percent of pay would be allocated to a variable benefit account (VBA) for each active Class A member for the next year beginning July 1. New member plan design for Class B members addresses the Class A/Class B and other subsidies and results in an equivalent RMC with a slightly smaller VBC for Public Safety members and no VBC for Judicial members.

Mr. Schrader stated that a VBC would work by allocating a VBC to each member's VBA each year based on the prior actuarial valuation results. The VBA could be distributed at the time of termination or upon later retirement. It could also be paid in a lump-sum, over a certain period, or over the member's lifetime through the Supplemental Pension Benefit. The VBC would be reduced if the SDCL 3-12-122 (3) condition exists or eliminated if the SDCL 3-12-122 (1) or (2) condition exists. An additional VBC could be recommended as a benefit improvement when the Board's benefit improvement guidelines are met.

The new plan design has been carefully structured to meet the following objectives:

- Increase the likelihood of sustainability and avoidance of corrective actions in the future;
- Eliminate or decreases subsidies, inequities, and unanticipated costs;
- Restructure benefits without requiring additional contributions;
- Add more variable benefits with savings;

- Recognize increasing life expectancies;
- Meet income replacement goals for career employees;
- Enhance hybrid features of SDRS; and
- Maintain equity with current members.

This plan design avoids judgments about retaining certain subsidies over others and creating a preferential order of acceptable subsidies. Other options could be considered that reduce, rather than eliminate, subsidies or restructure benefits in a different manner, but that may require setting revised objectives and establishing a preference for certain subsidies.

Mr. Schrader noted that the current benefit structure has evolved over time to accomplish the Board's benefit and sustainability goals. The impact of each proposed design change on the Board's goals should be carefully considered.

Board Action
No action was necessary.

AGENDA ITEM 15
OLD/NEW BUSINESS

Summary of Discussion

SDRS Year-End Survey Results
Mr. Wylie went over the year-end survey results.

Data Processing Project Update
Mr. Wylie stated that the retirement administration legacy code transformation project is moving along.

SRP
Ms. Storm stated that there would be a rules hearing in June regarding the auto-escalation legislation that was just passed by the Legislature.

Mr. Wylie noted that staff were working with NRS representatives on a savings initiative to educate more members about the importance of additional retirement savings.

Board of Trustee Election Update
Ms. Dawn Smith, SDRS Executive/Board Assistant, advised the Board that all three incumbents were unopposed in their respective elections and therefore there would be no elections.

Upcoming Meetings
The Board discussed the upcoming meeting schedule.

Board Action
No action was necessary.

ADJOURNMENT

IT WAS MOVED BY MR. DILGES, SECONDED BY MS. PETERSON, THAT THERE BEING NO FURTHER BUSINESS, THE MEETING BE DECLARED ADJOURNED. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

Respectfully submitted,

Robert A. Wylie
Executive Director/Administrator