

MINUTES	Tuesday, April 2, 2013	
Fiscal Committee	4:40 PM	
	Carnegie Town Hall	
	235 West 10th Street	

Members Present: Council Member Dean Karsky, Council Member James Entenman, Council Member Greg Jamison, Council Member Sue Aguilar
Members Absent: None
Staff Present: Lorie Hogstad, CMC, City Clerk; Dave Bixler, Budget Analyst
Guests: None

1. Call To Order

Committee Chair Dean Karsky called the meeting to order at 4:40 p.m.

2. Approval of Minutes

A Meeting held on Tuesday, February 5, 2013

A motion was made by Sue Aguilar and seconded by Greg Jamison to approve the minutes dated February 5, 2013.

Karsky called for a voice vote on that motion and all members voted yes.
Motion Passed.

3. Reports and Updates

A Pension Plan Design Changes by Bill O'Toole, Director of Human Resources

Karsky gave a brief history of the proposed pension plan changes. Bill O'Toole, Director of Human Resources, stated the proposed pension changes are the result of nearly three years of work leading up to this point. This began with Resolution No. 52-12 providing guidance for employee pension changes affecting current and future employees. These are the two employee groups targeted for savings. O Toole discussed the proposals for current employees to increase the pension contribution by 1 percent in 2014 and 1 percent in 2015 for a total of 2 percent. For those retiring after 12/31/13, the City will provide a flat dollar stipend for retirees to purchase individual health insurance policies in lieu of access to the City's health plan. Under current State Law and City ordinance, this required a vote of the Union membership and the voting results were overwhelming approved by the Employee's Retirement System by 87 percent and 97 percent by the Fire Fighters Pension Fund. The next piece dealt with future employees to allow those hired after 6/30/13 to become members of the South Dakota Retirement System. This did not require a vote of the Union membership; however, this did require a change by South Dakota Law during the 2013 Legislative Session. O'Toole thanked those involved in the process as this legislation was effectively approved and signed by the

Governor.

O'Toole said that local legislation, in the form of an ordinance, now needs to be implemented for future and current employees. He has worked closely with the City's legal team, specifically Gail Eiesland, Deputy City Attorney, to prepare the ordinance. All changes relate to Chapter 39 with two specific changes in the Employee's Retirement System that covers the General and Police employees and the Fire Fighter's Pension Fund for the Sioux Falls Fire Rescue employees. O'Toole went through the changes proposed in the Ordinance item by item. The first reading will be held on April 16, 2013 with second reading on May 7, 2013.

Committee Member Greg Jamison thanked O Toole for his work on these changes. Discussion followed.

Jamison asked if a method to budget or planning needs to be done as the cost of the plan for current employees is going to be very expensive later on and no new employees to help fund this. O'Toole said the actuary factored in costs for funding for the existing employees for this gap in cash. The pension plans are extremely well funded, so the timing is good. Jamison asked when the table will turn. O'Toole responded the actuary said there may be an uptick in costs initially, but savings over time. This plan will generate long-term significant savings.

Karsky asked about the total cost of savings. O'Toole responded that the collective savings was estimated by the actuary right around \$314 million in savings over the next 30 years.

A motion was made by Council Member James Entenman and seconded by Council Member Sue Aguilar to send this proposed ordinance to the City Council Meeting of April 16, 2013 at 7:00 p.m. for first reading, followed by second reading on May 7, 2013 at 7:00 p.m.

Karsky called for a voice vote on that motion and all members voted yes. Motion Passed.

4. Open Discussion

Jamison asked if the committee would agree to include the agreements/contracts listed for approval at each meeting under the Consent Agenda, as part of the paperwork received for each meeting. Jamison asked Dave Bixler to print this out each week and leave one for each Council Member in the Chambers. Karsky agreed this is a wise use of Bixler and a good resource.

Jamison added, that as Chair of the Audit Committee, Rich Oksol answers to the Audit Committee. With the addition of Bixler and his expertise and working with the Fiscal Committee, Jamison suggested there be more of an involvement of Bixler as the Audit Committee does with Oksol. Jamison would like to see Bixler s involvement married better with this committee in a stronger fashion. Karsky said he and Bixler have had these conversations and discuss items several times each week. Bixler works in a handful of areas. He will give a staff report at the Fiscal Committee Meetings; however, he did not have a report for this meeting. Karsky would be willing to meet with Jamison to discuss this further. Jamison responded that this will offer guidance to Bixler to manage his time and accountability for his performance and making sure he is as effective as he can be.

5. Adjournment

Karsky adjourned the meeting at 6:05 p.m.

Lorie Hogstad, CMC

City Clerk