

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

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Oscar Peters
Retirement Administrator



BOARD OF RETIREMENT

Chair – Bernice James
Vice Chair – Joni Gray
Secretary - Donald Kendig
George Bobolia
Joseph Gallas
Julie McCammon
Harriet Miller
Shawn Terris
Ronald Bruns

**MINUTES OF THE BOARD OF RETIREMENT
SPECIAL MEETING
December 19, 2007
Wisteria Room at Casa Nueva
260 N. San Antonio Rd.
Santa Barbara, California**

The Board convened and immediately went into closed session.
Absent Trustee Gray

CLOSED SESSION
(9:00 a.m. – 9:15 a.m.)

Conference with Legal Counsel -- Anticipated Litigation (Government Code Section 54956.9(b))

OPEN MEETING

Board Counsel Blakeboro announced that no reportable action was taken during the Closed Session.

ROLL CALL 9:18 a.m.

Members Present: Bobolia, Gallas, Gray, James, Kendig, McCammon, Miller, Terris
Member Absent:
Alternate Present: Bruns
Counsel: Blakeboro
Clerk: Bignell

Supervisor Gray left the meeting at 12:24 p.m.

BOARD

1. Receive presentation to the Board from EFI Actuaries: Independent review of Milliman's recommended changes in assumptions

Graham Schmidt and Bob McCrory, representing EFI Actuaries, presented a review of Milliman's recommended changes in assumptions and addressed issues raised by the Board.

According to EFI,

- The cost estimates provided by Milliman regarding the estimated impact of the recommended assumption changes on Plan costs and liabilities appear reasonable.
- For the most part, the recommended demographic assumptions changes appear reasonable based on an examination of the data presented, prior studies and reports, and a comparison with other public pension systems.
- The likelihood of significant merit salary increases after 30 years of service is uncertain.
- The proposed 10% "Mortality Improvement" margin appears reasonable, but the use of the unadjusted RP 2000 mortality table for disabled retirees may be conservative.
- Retirement experience should continue to be monitored to determine if recent behavior represents a temporary fluctuation or a long-term change in behavior.
- The economic assumptions appear reasonable under Actuarial Standards of Practice, but non-actuarial issues should also be considered when selecting assumptions.

NO ACTION TAKEN

2. Receive final 2003-2007 Experience Study from Milliman Actuaries.
Continued from October 24, 2007, and November 28, 2007

Karen Steffen and Daniel Wade presented the report from Milliman.

The Board also received comments from Sue Paul, Deputy CEO/ HR Director, who distributed a letter dated December 18, 2007, from Mercer, and Bob Geis, County Auditor-Controller, also commented.

MOTION: Receive the final report of the actuarial investigation of experience for the period July 1, 2003, to June 30, 2007.

Kendig/Gallas	Approved.	Yes:	Bobolia, Gallas, James, Kendig, McCammon, Miller, Terris
		Abstained:	Gray

Trustees Terris and Kendig made, seconded, and later withdrew a motion.

The Board had further discussion resulting in a motion to reconsider Item 2.

MOTION: Reconsider the acceptance of the actuarial investigation of experience for the period July 1, 2003, to June 30, 2007.

Kendig/Terris	Approved.	Yes:	Gray, James, Kendig, McCammon, Miller, Terris
		No:	Bobolia, Gallas

After the motion to reconsider Item 2, the Board voted again on of the original motion.

Comments by Trustees and Bob Geis, County Auditor Controller were considered.

MOTION: Receive draft and provide clarification regarding covered members in formal report.

Terris/Gallas	Approved.	Yes:	Bobolia, Gallas, James, Kendig, McCammon, Miller, Terris
		Absent	Gray

- 5. Approve distribution of the Supplemental Cost-of-Living adjustment funding approved May 23, 2007.

Deferred at the request of the Administrator.

- 6. Receive the survey of plans, actuaries, and normal cost of other 1937 Act Systems.

The Board received the item and directed that the Administrator get information from all systems.

NO ACTION TAKEN

- 7. Receive a report of alternate funding options for retired health insurance subsidies.

The Board received a report and discussed the various options presented by Harvey Leiderman of Reed Smith, Fiduciary Counsel.

Mr. Leiderman recommended that the Board put in writing their a full disclosure of interests and attach it to any minutes of meetings where a contract or potential contract is considered.

- Donald Kendig,
Subsidiary Sponsor
Business Manager, Air Pollution Control District (APCD)
On the management side of all-party Union contracts
- Ronald Bruns, Alternate Retiree
Active Retiree of the System
Recipient of the System Health Care Benefits
Past President, Retired Employees of Santa Barbara County
Current Director, Board of Directors RESBC
Current President, RESBC
- Julie McCammon, Safety Representative
Active County Employee
With Sheriff's Managers Association
Husband, Daniel McCammon, active County Employee (Safety)
Brother-in-Law, active County Employee (Safety)
Father-in-Law, active Retiree of the System
- Shawn Terris,
Active County Employee
President, State Association of County Retirement Systems (SACRS)

- Bernice James,
Active County Employee
Spouse, Retiree
- Joseph Gallas
Son, Active County Employee
Daughter-in-Law, Extra-Help Employee
- Joni Gray, (Mr. Leiderman)
County Supervisor
- Harriet Miller
Santa Barbara City Employee
Santa Barbara County Schools Superintendents Consultant
- George Bobolia, Retiree Representative
Active County Retiree
Wife, Active County Retiree (Prior to April 1, 1981)
Both benefit from the *Bobolia* litigation

NO ACTION TAKEN

8. Set a special meeting in January 2008 to reconsider request from the Retired Employees of Santa Barbara County for increases in retiree health subsidies and to receive and adopt the June 30, 2007, actuarial valuation.

NO ACTION TAKEN

CLOSED SESSION

(3:20 p.m. – 4:12 p.m.)

Conference with Legal Counsel -- Anticipated Litigation (Government Code Section 54956.9(b))

OPEN MEETING

Board Counsel Blakeboro announced that no reportable action was taken during the Closed Session.

The meeting adjourned at 4:13 p.m.

ATTEST:

Clerk

Chair

Secretary