

July 15, 2010

To: Members of the Board of Retirement

From: Ophelia Basgal, Actuarial Committee Chair

**Subject: Summary of Actuarial Committee Meeting, July 15, 2010**

The Actuarial Committee was called to order at 1:37 p.m. on July 15, 2010. Committee Members present were Ophelia Basgal, Chair, Dale Amaral, Keith Carson, and Liz Koppenhaver. George Wood was excused. Other Board members present were Annette Cain-Darnes, George Dewey, Elizabeth Rogers, and Donald White; and Alternate Member David Safer.

Staff Members present were Catherine Walker, Acting Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Robert Gaumer, Chief Counsel; Rose Kwong, Benefits Manager; J. P. Singh, Chief Financial Officer; Betty Tse, Chief Investment Officer; and Latrena Walker, Project and Information Systems Manager.

### **ACTION ITEMS**

**1. Review and motion to recommend to the Board adoption of Actuarial Valuation and Report as of December 31, 2009 and Recommended Contribution Rates.**

Paul Angelo of The Segal Company, again summarized the key points of Actuarial Valuation as of December 31, 2009 and the recommended contribution rates. At an earlier meeting of the Actuarial Committee on July 7, 2010, Mr. Angelo had gone through the valuation in detail, and Trustees, representatives of the employers and the public had asked questions.

Following Mr. Angelo's recap of the highlights of the valuation the meeting was opened for questions and comments. Ophelia Basgal commented on the anticipated increase in employer contribution rates, noting that earlier projections by the actuary showed that under a variety of different assumptions about current and future rates of return the employer contribution rate will continue to increase for several years. Mr. Angelo agreed and said that there has been some improvement in the future outlook as a result of the rebound from the huge losses of 2008, however very large deferred losses remain, and as

they are actuarially realized over the next few years contribution rates will continue to rise.

County CAO Muranishi said that it would be helpful to have a table showing projected contribution rates under various scenarios included as a part of the valuation each year. The Committee and the actuary agreed that this would be useful to everyone for long term planning and staff was authorized to work with the actuary to establish proposed scenarios and a schedule for the production of such reports.

Pete Albert asked about the reference to “Tier 3” in the contribution rates. Kathy Foster explained that there is a third tier for employees of LARPD.

Liz Koppenhaver moved that the Committee recommend that the Board adopt the valuation as of December 31, 2009. Annette Cain-Darnes seconded. The motion passed unanimously.

### **INFORMATION ITEMS**

There were no information items.

### **TRUSTEE & PUBLIC INPUT**

None.

### **RECOMMENDATIONS**

The Committee recommends, and I move, that the Board adopt the actuarial valuation as of December 31, 2009, and the recommended contribution rates.

### **FUTURE DISCUSSION ITEMS**

Staff is to make recommendations to the Committee regarding:

- review of economic actuarial assumptions on a triennial basis; and
- proposal for regular reporting by the actuary of projected future contribution rates.

Regarding the switch to triennial review of economic assumptions, Staff’s recommendation should include discussion of when and how this would be implemented.

### **ADJOURNMENT**

The meeting adjourned at 1:50 p.m.