

October 18, 2012

To: Members of the Actuarial Committee
From: George Wood, Chair
Subject: Summary of the October 18, 2012 Actuarial Committee Meeting

Actuarial Committee Chair George Wood called the October 18, 2012 Actuarial Committee Meeting to order at 11:03 a.m. Committee members present were George Wood, Chair, Keith Carson, Liz Koppenhaver and Elizabeth Rogers. The other Board members present were Dale Amaral, Annette Cain-Darnes, George Dewey, and alternate member Darryl Walker. Staff present were Vincent Brown, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Robert Gaumer, Chief Counsel; Betty Tse, Chief Investment Officer; Latrena Walker, Project and Information Services Manager; Victoria Arruda, Human Resources Director; and Harsh Jadhav, Internal Auditor.

ACTION ITEM

1. Discussion and possible motion to adopt the proposed changes to the Actuarial Funding Policy

Paul Angelo and Andy Yeung of The Segal Company discussed their recommended changes to the Actuarial Funding Policy.

Liz Koppenhaver moved and Elizabeth Rogers seconded that the Actuarial Committee recommend to the Board of Retirement that the Board adopt the changes to the Actuarial Funding Policy, as recommended by The Segal Company. The motion passed.

2. Discussion and possible motion to review the economic assumptions every 3 years at the time of the triennial experience study, as recommended by The Segal Company

Paul Angelo and Andy Yeung of The Segal Company discussed the frequency of reviewing the economic assumption for the actuarial valuation, and recommended that the economic actuarial assumptions be reviewed every 3 years at the time of the triennial experience study. The next review of the economic assumptions would be used to set the employer and employee contribution rates for the December 31, 2014 valuation.

Paul Angelo told the Committee that if the Board reviewed the economic assumptions every 3 years, then the Board may choose to phase in changes to the employer

contributions over a 3 year period. Additionally, if there are any changes to the asset allocation or other factors that may significantly affect the economic assumptions, the Board could authorize a review of the economic assumptions at an earlier date.

Elizabeth Rogers moved and Liz Koppenhaver seconded that the Actuarial Committee recommend to the Board of Retirement that the Board:

- a) Approve the review the economic assumptions every 3 years at the time of the triennial experience study, as recommended by The Segal Company;
- b) Reserve the right to review the economic assumptions more frequently than every three years if there are any major changes to the asset allocation or other factors that may significantly impact the economic assumptions;
- c) May choose to implement a 3 year phased-in approach to the economic impact of the changes made to the economic assumptions, as recommended by The Segal Company.

The motion passed unanimously.

INFORMATION ITEMS

There were no information items for discussion.

RECOMMENDATIONS

1. The Committee recommends, and I move that the Board of Retirement adopt the changes to the Actuarial Funding Policy, as recommended by The Segal Company.
2. The Committee recommends, and I move that the Board of Retirement:
 - a) Approve the review the economic assumptions every 3 years at the time of the triennial experience study, as recommended by our actuary;
 - b) Reserve the right to review the economic assumptions more frequently than every three years if there are any major changes to the asset allocation or other factors that may significantly impact the economic assumptions;
 - c) May choose to implement a 3 year phased-in approach to the economic impacts of the changes made to the economic assumptions, as recommended by our actuary.

TRUSTEE/PUBLIC INPUT

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for December 18, 2012 at 2:00 p.m.

MEETING ADJOURNED

The meeting adjourned at 11:53 a.m.