

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

1115 Truxtun Avenue
Bakersfield, California

Audit Actuarial Committee Meeting
Tuesday, February 23, 2010

8:32 a.m.

Committee Members: Chairman Barnes, Denney, Hughes (alternate),
Jefferson, Ratekin

Roll Call: Hughes (Acting Chairman), Jefferson, Kaufman
(for Denney), Ratekin

Absent: Denney, Chairman Barnes

NOTE: The vote is displayed in bold below each item. For example, Briggs-Frapwell denotes Trustee Briggs made the motion and Trustee Frapwell seconded the motion.

1. Discussion and appropriate action on elements of upcoming audit program for Fiscal Year 2009-10 including review of audit process, presented by Steven Starbuck, Connie Perez and Jialan Su, Brown Armstrong, Paulden, McCown, Starbuck & Keeter – **CONNIE PEREZ AND JIALAN SU, BROWN ARMSTRONG, PAULDEN, MCCOWN, STARBUCK & KEETER, HEARD; ACTING CHAIRMAN HUGHES HEARD**

RECEIVED AND FILED; APPROVED FISCAL YEAR 2009-10 AUDIT PROGRAM

Ratekin-Jefferson – 4 Ayes

5. Discussion and appropriate action on responding to County's request for the Board of Retirement to join the County in a plan of action to discontinue future funding of the Supplemental Retirement Benefits Reserve (SRBR) from future excess earnings presented by Michael Toumanoff, Manatt, Phelps & Phillips, LLP – **MICHAEL TOUMANOFF, MANATT, PHELPS & PHILLIPS, LLP, HEARD; ACTING CHAIRMAN HUGHES HEARD TRUSTEES KAUFMAN AND RATEKIN HEARD; RETIREES NORMAN BRIGGS, PHIL FRANEY, JOHN DEMARIO, AND SHERILYN SPARKS, HEARD; JEFF FRAPWELL HEARD; SUSAN WELLS AND ALAN KRAUTER, COUNTY ADMINISTRATIVE OFFICE, HEARD; ASSISTANT EXECUTIVE DIRECTOR LEE BLAIR HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD**

RECEIVED AND FILED; RECOMMEND TO THE BOARD OF RETIREMENT TO DECLINE PARTICIPATION WITH THE COUNTY OF KERN IN SEEKING LEGISLATION TO DISCONTINUE FUTURE FUNDING OF THE SRBR FROM FUTURE EXCESS EARNINGS BY PROVIDING STATUTORY OPTION TO DISCONTINUE ARTICLE 5.5 WITH ADOPTION OF RESOLUTIONS BY BOARDS OF SUPERVISORS AND RETIREMENT AND REFER THE MATTER BACK TO THE AUDIT ACTUARIAL COMMITTEE TO EXPLORE OPTIONS WITHIN EXISTING STATUTE

Kaufman-Jefferson – 4 Ayes

BREAK 9:40 – 9:49 A.M.

2. Discussion and appropriate action on the audit reviews of the June 30, 2009 Actuarial Valuation and June 30, 2008 Triennial Investigation of Experience, presented by Graham Schmidt and Robert McCrory, EFI Actuaries – GRAHAM SCHMIDT AND ROBERT MCCRORY, EFI ACTUARIES, HEARD; TRUSTEE KAUFMAN HEARD; RETIREES JOHN DEMARIO AND PHIL FRANEY, HEARD; MICHAEL TOUMANOFF, MANATT, PHELPS & PHILLIPS, LLP, HEARD; JIALAN SU, BROWN ARMSTRONG, PAULDEN, MCCOWN, STARBUCK & KEETER, HEARD; DANIEL WADE, MILLIMAN, INC., HEARD; SHERYL LAWRENCE, KCERA FINANCIAL OFFICER, HEARD

RECEIVED AND FILED; RECOMMEND RESULTS TO THE BOARD OF RETIREMENT

Kaufman-Jefferson – 4 Ayes

3. Discussion and appropriate action on draft actuarial valuation of plan assets for June 30, 2009, and recommended employer contribution rates for the new year, presented by Karen Steffen and Daniel Wade, Milliman, Inc. – KAREN STEFFEN AND DANIEL WADE, MILLIMAN, INC., HEARD; RETIREE JOHN DEMARIO, HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD

RECEIVED AND FILED; RECOMMEND APPROVAL OF VALUATION AND EMPLOYER CONTRIBUTION RATES FOR FISCAL YEAR 2010-11 AS RECOMMENDED BY ACTUARY TO THE BOARD OF RETIREMENT

Ratekin-Jefferson – 4 Ayes

4. Discussion and appropriate action on potential 2009 negative Cost of Living Adjustment (COLA) and impacts to the COLA and Supplemental Retirement Benefits Reserve benefits presented by Karen Steffen and Daniel Wade, Milliman, Inc. – KAREN STEFFEN AND DANIEL WADE, MILLIMAN, INC., HEARD; TRUSTEE KAUFMAN HEARD; RETIREES JOHN DEMARIO, PHIL FRANEY, AND SHARON LESSOR, HEARD; DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD

RECEIVED AND FILED; RECOMMEND POLICY CHANGE TO ESTABLISH A SRBR 3 FLOOR TO AVOID DECREASES DUE TO NEGATIVE CONSUMER PRICE INDEX AND DIRECTED COUNSEL TO DRAFT RESOLUTION FOR PRESENTATION TO THE BOARD OF RETIREMENT

Kaufman-Jefferson – 4 Ayes

PUBLIC COMMENTS

6. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chairman, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name and address for the record prior to making a presentation – NONE

COMMITTEE MEMBER ANNOUNCEMENTS AND REPORTS

7. On their own initiative, Committee members may make a brief announcement or a brief report on their own activities. In addition, Committee members may ask a question of staff or the public for clarification on any matter, provide a reference to staff or other resources for factual information or, through the Chairman, request staff to report back to the Committee at a later meeting concerning any matter. Furthermore, the Committee, through the Chairman, may take action to direct staff to place a matter of business on a future agenda – NONE

ADJOURNED

Jefferson-Ratekin – 4 Ayes

Secretary, Board of Retirement

Chairman, Investment Committee