

SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

The special meeting of the San Bernardino County Employees' Retirement Board was held November 16, 2009, in the Board of Retirement Board Room, 348 West Hospitality Lane, First Floor, San Bernardino, California.

Those present were:

ELLEN WEISSER, Appointed Member (Chairman)
DAWN STAFFORD, General Member (Vice Chairman)
ANNETTE KERBER, Assistant Treasurer
CHRISTOPHER LEGGIO, Appointed Member
ROBERT MCDONALD, Retired Member
DON NEELY, General Member
MARVIN REITER, Appointed Member
PAUL RUSS, Appointed Member

Also present were:

TIMOTHY BARRETT, Executive Director/CIO
LANCE KJELDGAARD, Chief Counsel
CAROL FENN, Recorder

Not present were:

DAVID WILLIAMS, Safety Member
BRET HENRY, Alternate Member

1. Chairman Weisser called the meeting to order at 9:00 a.m.

The Chairman requested that items 4 and 5 be heard next.

4. Members Harry Hirschensohn, Dorothy Lueking, Patricia McGinnis and Terry Mock provided comment on proposed changes to Board Benefits Policy No. 003 - Discretionary Retiree Subsidy. Stafford moved, McDonald seconded, to approve the proposed amendment to Board Benefits Policy No. 003 - Discretionary Retiree Subsidy, with a revision to the last sentence as follows: "Further the Board will award a discretionary subsidy to any member whose retirement is approved after April 1, 2010, but whose effective date of retirement is retroactive to a date on or before April 1, 2010, subject to available funds in the general subsidy reserve." Motion carried. (Neely abstained.)

5. McDonald moved, Stafford seconded, to approve continuance of the discretionary General Subsidy payments for the period from November 1, 2009 to October 31, 2010. Motion carried.

2. Paul Angelo, The Segal Company, presented their Actuarial Valuation as of June 30, 2009 and related reports. The

market value of assets earned a return of -26%. The actuarial value of assets earned a return of .1% due to five year smoothing of market gains and losses. The ratio of actuarial value of assets to actuarial accrued liabilities decreased from 93.6% to 91%. The UAAL increased from \$432.1 million as of June 30, 2008 to \$630.1 million. The aggregate employer rate increased from 14.15% of payroll to 15.4% of payroll. The average member rate decreased from 9.37% to 9.31% of payroll. \$68.5 million was transferred from undesignated excess earnings to reduce the contra account, thereby increasing the valuation value of assets. There was not enough investment earnings after "smoothing" to credit all valuation reserves with the assumed return, so that the 2% additional contingency reserve was used for interest crediting. The remaining shortfall in interest to be credited was \$332 million and was allocated to the contra account. The total unrecognized investment loss is \$1.8 billion.

3. Russ moved, Leggio seconded, to approve of The Segal Company's Actuarial Valuation as of June 30, 2009 and related reports and adopt the recommendations contained therein. Motion carried.

6. The Chairman invited Public Comment. Public comment was provided by Harry Hirschensohn, John Michaelson and Dorothy Lueking.

There being no further business, the meeting adjourned at 9:57 a.m.

Respectfully submitted,

ELLEN WEISSER, Chairman

TIMOTHY BARRETT, Secretary

DATED _____